

U.S.-Japan Feud On Aid May Leave Poland the Loser

By James Sterngold
New York Times Service

TOKYO — Japanese officials say the government is unlikely to follow through on a pledge by Prime Minister Toshiki Kaifu to provide \$500 million to Poland, as well as new loans to Egypt, because those countries are being allowed to abandon existing debt obligations.

The Japanese have been bitterly criticizing President George Bush's plan to forgive billions of dollars of the official debt of Poland and Egypt.

Officials in Japan's Finance Ministry and its Export-Import Bank, one of the agencies intended to handle Japan's loans to developing countries, say the Japanese would take the same stance toward other countries that seek debt forgiveness.

This is the latest sign of a deepening rift between Washington and Tokyo over foreign-aid issues, an area in which Japan is growing more assertive. The two countries are at odds over a fundamental point in the strategy for dealing with the debt crisis: how big a role politics should be allowed to play in making these economic judgments, and whose political standards should be applied.

When Mr. Kaifu pledged the aid to Poland during a visit to Eastern Europe last year, he surprised his own Finance Ministry and many members of his government. With the reversal, it now appears that the formidable Finance Ministry has reasserted itself.

Japan, which feels the Americans are using debt forgiveness to reward certain nations, complains that this policy encourages irresponsibility and makes saying no to other countries with similar problems much harder.

What some Japanese officials find particularly galling is that they are being criticized for holding to policies long espoused by the United States.

The American government has maintained that financial discipline and consistency are essential for fostering improved long-term economic management within the indebted countries. That is one reason the United States had pushed for restructuring of debts, but not abandonment of them.

Japan has emerged in the last several years as one of the world's largest donors of aid to developing countries, as well as a major government-to-government lender. Japan has budgeted foreign aid of \$6.5 billion for the fiscal year that began April 1.

Most of the aid and loans are aimed at Asia, where Japanese corporations are centering their investments. But Japan is increasingly providing assistance to Latin America, too.

The United States has described the debt-reduction measures as a selective humanitarian gesture to ease pressure on ailing economies and protect fragile democratic institutions.

David C. Mulford, undersecretary of the Treasury for international affairs, earlier described Poland and Egypt as "unique, politically and economically."

In the Japanese view, the choice of these two countries represents an American political decision to reward Poland for its commitment to a rapid transition to capitalism and Egypt for its support in the

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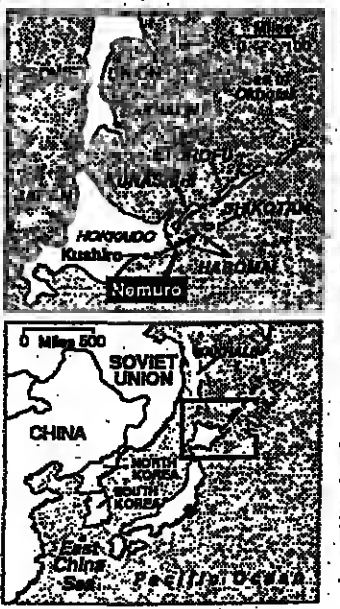
For Kuril Refugees, It's All or Nothing

Gorbachev's Visit Viewed as Chance

By David E. Sanger
New York Times Service

NEMURO, Japan — Mitsuo Yanami still remembers well the day in early September 1945, hours after Japan's unconditional surrender, when Soviet soldiers overran the tiny island where he lived, just north of Nemuro in the frigid northern Pacific.

"We were shocked," recalled Mr. Yanami, who was 17 at the time. "At first we thought they were Americans. After all, the Americans had just won the war, and we didn't even know the Soviet Union was one of the Allies. But then we overheard them talking about Stalin."



The Soviets took the last of the islands a day after Japan's formal surrender, expelling Mr. Yanami and 17,384 other residents — the Japanese are nothing if not precise, and they have accounted for every one — and leaving behind a legacy of bitterness the government maintains is shared by all of Japan.

On Tuesday, building on a four-decade-long public relations campaign, the refugees of the islands off Japan's northern coast see one great chance to win the islands back: the arrival of President Mikhail S. Gorbachev, the first Soviet leader ever to visit Japan.

The 46-year-long occupation of the islands, which the Japanese call Etorofu, Kunashiri, Shikotan and the Habomai group, has turned into something of a national obsession in Japan, an obsession fed by influential right-wing groups, powerful fishing organizations and the former islanders themselves.

For years, this fast-declining fishing town has been dotted with signboards with the rallying cry "Goose!" or "Give them back!" And the government has made it clear that a give-back of what it calls the Northern Territories will be the price if Mr. Gorbachev wants billions of dollars of Japanese consumer goods, technology for Soviet factories and Japanese-financed oil exploration in Siberia.

It is a price many Japanese officials believe Mr. Gorbachev will be unable or unwilling to pay. Yet in Nemuro, the former islanders who live within sight of their old homeland — the closest island is only two miles (three kilometers) away — are spending their days dream-

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Kiosk

Soviet Party Calls Crisis Session

MOSCOW (Reuters) — Leaders of the Soviet Communist Party will meet April 24 to discuss the country's deepening political and economic crisis, Tass said Sunday.

President Mikhail S. Gorbachev, who is the party's general secretary, presided over the meeting that decided last week to hold a formal session of the policy-setting Central Committee.

The move follows calls from organizations within the party for Mr. Gorbachev to report on his handling of recent political and economic turmoil, which has been fueled by industrial unrest and demands by republics for greater autonomy.

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General News

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Business/Finance

A credit shortage threatens the world banking system, the Asian Development Bank reported. Page 14.
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Refugees in Turkey fighting Sunday over a bag of soft drinks. Some of them are to be moved down from the mountains. Page 3.

U.S. Defines Limits of Its New Iraq Role

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — President George Bush's national security adviser said Sunday that U.S. forces would not intervene in clashes between the Iraqi Army and armed Kurdish rebels in central Iraq.

American forces will step in only if Iraq interferes with efforts to aid refugees, said the official, Brent Scowcroft.

The statement reinforced Mr. Bush's insistence that U.S. forces, while assisting Kurdish refugees fleeing toward Iraq's borders, must avoid direct involvement in Iraq's civil war.

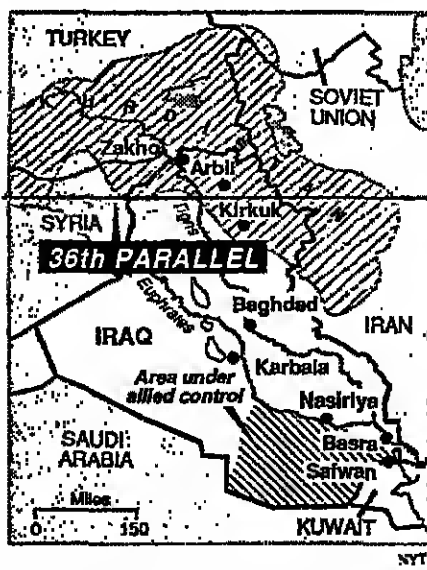
In a broadcast interview Sunday, Mr. Scowcroft said that Iraqi forces under President Saddam Hussein were not interfering with refugees "to any significant extent that we are able to determine."

But he acknowledged that fighting between Kurdish rebels and the Iraqi Army was continuing north of As Sulaymaniyah, near the Iranian border.

"What we're saying is we will not countenance interference in refugee operations," Mr. Scowcroft said. "We are not going to intervene, as we have said before, in a civil war."

Mr. Bush delivered essentially the same message on Saturday. In a speech in Alabama, he said that Washington would "not tolerate any interference" in international relief efforts. But he added emphatically, "I do not want one single soldier or airman shoved into a civil war in Iraq that's been going on for ages."

U.S. policy toward Iraqi military operations appears to amount to this: Conventional ground fighting that does not involve fixed-wing aircraft or the use of chemical weapons will be ignored as long as it occurs south of the



36th parallel and north of the 15-kilometer-wide (9-mile) United Nations buffer zone at the Kuwait-Iraq border.

And Iraq must cease military operations on the ground and in the air north of the 36th parallel, a region that includes the cities of Mosul and Irbil. It does not include As Sulaymaniyah, where fighting appears to be continuing.

Although the White House has warned Baghdad not to interfere in relief operations in Iraq near the border with Turkey, the warning about military operations north of the 36th parallel was never officially stated. Its existence was

made known privately by a high-ranking U.S. official traveling with Secretary of State James A. Baker 3d.

John E. Yang of The Washington Post reported earlier from Montgomery, Alabama: Mr. Bush on Saturday vigorously defended his decision not to intervene to aid Kurdish and Shiite rebels in Iraq.

His emphatic remarks came in the first of a series of presidential speeches attempting to define the "new world order" — a phrase Mr. Bush has often used but never fully described.

The new world order, he said, is not "a blueprint that will govern the conduct of nations, or some supranational structure or institution," but "really describes a responsibility imposed by our successes."

He added: "It refers to new ways of working with other nations to deter aggression and to achieve stability, to achieve prosperity and, above all, to achieve peace."

"It springs from hopes for a world based on a shared commitment among nations large and small to a set of principles that undergird our relations — peaceful settlement of disputes, solidarity against aggression, reduced and controlled arsenals, and just treatment of all peoples."

The "quest for a new world order is, in part, a

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The Roots of Bush's Inertia on the Kurds

By Ann Devroy
and Molly Moore

Washington Post Service

WASHINGTON — Reports of Iraqi combat helicopters raining death on rebels and fleeing civilians filled the news on the morning of March 26, but helicopters were not on President George Bush's mind when he summoned to the Oval Office the seven senior advisers who had guided his policy through months of Gulf diplomacy and war.

Mr. Bush requested a timetable for "getting our kids out" of the Gulf, according to officials present. Only late in the meeting, one source said, did the issue arise of whether to intervene militarily in

Iraq at least to stop the helicopter attacks.

General Colin L. Powell, chairman of the Joint Chiefs of Staff, recited a "precise military case against" intervening, according to the source. With little debate, the case was quickly closed. The White House press secretary, Martin Fitzwater, told reporters soon afterward that the civil war in Iraq, though entering its final throes, would proceed without U.S. intervention.

Within days, forces loyal to President Saddam Hussein moved from crushing Shiite Muslim rebels in southern Iraq to suppressing a Kurdish rebellion in the north, and critics began asking how Mr. Bush, who had suggested that the Iraqis

rise up against Mr. Hussein, could have turned a blind eye to the massacres of Iraqi rebels and civilians.

In less than a month, the euphoria of February's military triumph had become the anguish of March's civil war, as nearly 2 million destitute, hungry and scared men, women and children fled for their lives.

How the United States dealt with that unfolding crisis is a story not so much of a failed policy as an administration unprepared for the aftermath of a war — an administration that remained virtually inert, as one official put it, until the horror of what was happening in Iraq compelled it to act.

It also is a story of how a president, who boldly led the interna-

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U.S., Starting Pullout, Vows To Protect Iraqis in Zone

By Molly Moore
Washington Post Service

WASHINGTON — The remaining U.S. military forces inside Iraq began withdrawing from occupied territory Sunday to a thin buffer zone along the country's border with Kuwait, according to U.S. military officials.

Defense Secretary Dick Cheney said most of the troops would be out of Iraq within days.

Mr. Cheney, who like most other military officials has pushed hard to withdraw U.S. troops quickly, said the American forces in Iraq would not abandon their aid to refugees in the region.

"We are not going to leave the refugees to the tender mercies of the Iraqis in southern Iraq," he said.

Army officials said they expected that 3,000 to 5,000 troops would remain in a demilitarized zone that extends 10 kilometers (6 miles) inside Iraq and 5 kilometers into Kuwait until a United Nations observer force can assume its duties there.

"We are getting out of that part of Iraq that we previously have occupied," Mr. Cheney said in a broadcast interview.

The region occupied by U.S. forces covered about 15 percent of Iraq's national territory.

President George Bush ordered the pullout on Saturday, Mr. Cheney said. He added that General H. Norman Schwarzkopf, commander of the allied forces in the Gulf region, had been told to withdraw U.S. forces from the Euphrates area to the buffer zone specified in the cease-fire resolution signed Thursday.

Although the army will pull most of its remaining 75,000 troops out of the occupied region south of the Euphrates within a few days, Pentagon officials said the pace at which forces return to their home bases in the United States and Europe would not be quickened.

Most of the army forces withdrawing from Iraq — the Kansas-based 1st Infantry Division and the European-based 3d Armored Division — will remain at temporary transit camps inside Saudi Arabia

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"Still Life With Sunflowers" (1889) was among those stolen.

20 Van Goghs Found After Predawn Heist

By Marc Fisher
Washington Post Service

In one of the largest and most short-lived art heists in history, two armed men broke into Amsterdam's Van Gogh Museum on Sunday morning, held two guards hostage and made off with 20 of the master's works, all of which were recovered two hours later.

Amsterdam police officers said they found the paintings — worth hundreds of millions of dollars — in the thieves' abandoned car near the Amstel railroad station across the city from the museum.

But three paintings, all classics, were heavily damaged when the thieves, called "amateurs" by the police, ripped them from their frames.

The severely damaged works are "Wheatfield With Crows," "Still Life With Lemons, Pears and Grapes," and "Still Life With Bibles."

The 17 other paintings, several of them with slight damage that curators said could be easily repaired, are to be put back on display this week.

The police had no idea why the thieves, who spoke English, abandoned the works in the stolen silver Volkswagen Passat.

The government-run museum houses the collection of the Van Gogh family, the world's largest assembly of paintings by the Dutch impressionist whose works last year attracted 2 million visitors to an exhibit marking the centennial of his death.

The museum's collection includes more than 200 paintings and 600 drawings by the artist, who sold only one work before he killed himself at age 37.

The robbery, according to an account by an Amsterdam police

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New Book's Raves: A Well-Plotted Hoax

By Edwin McDowell
New York Times Service

NEW YORK — On Wednesday, Simon & Schuster announced it had bought a novel for \$920,000, one of the largest amounts ever paid for a first novel, in part on the strength of endorsements from the writers John le Carré and Joseph Wambaugh.

On Friday, Mr. le Carré and Mr. Wambaugh denied they had ever seen or heard of the book, "Just Killing Time."

"It's a straight fraud," Mr. le Carré said of his purported endorsement. "It's like bringing a painting into a gallery with phony authentications from Bernard Berenson."

The deception involved is the kind one might expect in Mr. le Carré's spy novels. It included a spurious telegram from Mr. le Carré, as well as two letters bearing Mr. Wambaugh's letterhead — but with an address in San Diego nowhere near his actual California home.

"It sounds like the guy has gone to elaborate

lengths," Mr. Wambaugh said, adding that he was both angry and bemused that his name has been attached to the scheme.

Simon & Schuster said it had not yet decided whether to publish "Just Killing Time," about a serial killer and a secret U.S. government agency.

"We are studying the situation and are taking it under advisement," said Charles E. Hayward, president of Simon & Schuster's trade division.

Since Simon & Schuster did have the manuscript, at least part of its enchantment with the work came from the book itself, not the blurbs from Mr. le Carré and Mr. Wambaugh.

"Just Killing Time" was auctioned under the author's pseudonym, Derek Van Arman. The author was described to publishers as a Washington-based communications specialist and national security investigator who had worked for numerous federal agencies. He is in fact Derek J. Goodwin, a free-lance writer who lives in Phoenix, Arizona.

Mr. Goodwin, 40, maintained that he was a

longtime investigator for various federal agencies and often worked out of Washington. He denied that he had perpetrated the fraud, adding that "I was completely blindsided, completely duped," apparently, he said, by someone with a personal grudge or by a former CIA employee whom he knew only slightly.

"It would take someone who is severely brain-dead to submit quotes like that to publishers who know all these famous writers," Mr. Goodwin said. "What would be the purpose of that?"

Mr. Goodwin said he could not explain why someone would undertake such a plot, which, if it succeeded, could only help make Mr. Goodwin rich.

In fact, the endorsements thought to be from Mr. le Carré, the pen name of David John Moore Cornwell, who was formerly a British intelligence officer, and Mr. Wambaugh, formerly a Los Angeles Police Department officer,

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THE GULF: Turkey plans to move refugees down from unsanitary mountain camps to more accessible settlements.

Ankara to Relocate Refugees As Allied Airdrops Continue

Compiled by Our Staff From Dispatches
ANKARA — American, British and French aircraft dropped tons of emergency aid Sunday to hundreds of thousands of Iraqi refugees on the Turkish border.

In a move crucial to caring for the refugees, Turkey announced it would start moving refugees down from unsanitary mountain camps to more accessible settlements on Monday.

President Saddam Hussein of Iraq urged the refugees to return home. He said that they need not fear retribution and vowed to punish only those who had raped, killed or stolen.

Iran, which has taken in a million fleeing Iraqis, appealed for international help.

"Words cannot express the depth of this disaster," Iranian radio said. "The refugees have left their hearths and homes, their homeland, and have come to parake of our hospitality and selflessness. Please help the refugees."

Tension mounted in the refugee settlements along Iraq's borders with Turkey. Hungry Kurds pilaged a Turkish Army camp. They were not deterred when soldiers shot at them.

Shamir Proposes Own 'Ministries' For Palestinians

JERUSALEM — Prime Minister Yitzhak Shamir proposed in remarks published Sunday the creation of Palestinian "ministries" in the occupied West Bank and Gaza Strip that would function like Israeli government offices.

The daily Hamishmar quoted Mr. Shamir as saying that he would give the 1.75 million Palestinians in the West Bank and Gaza something more than the autonomy envisaged by the 1978 Israeli-Egyptian peace accords, but less than sovereignty.

Mr. Shamir said his proposal would let Palestinians set up ministries for police, culture, education, trade, justice and health. He said the Palestinians would take charge of their own affairs except for foreign relations and defense.

"The security services would remain ours," he was quoted as saying. He said the sides would have to discuss creating political parties and newspapers in the territories, where Palestinians have waged a 40-month-long uprising.

"We cannot stop them," said an army officer at the mountain camp of Isikveren, who had just fired at refugees running along a dry river bed below him. "They are no longer afraid."

The refugees spend their days scrambling for food handouts. Some bury dead relatives. At night they shiver with little shelter. Hayri Kozakcioglu, the emergency rule governor of southeast Turkey, said in an interview with Turkish television that about 20,000 refugees from the Isikveren camp near Ujudere would be transferred in the next few days.

In an initial stage starting from tomorrow, we hope that about 20,000 Iraqis will be able to enjoy more comfortable conditions at the Isikveren pilgrimage transit center," he said.

An estimated 200,000 Iraqis are living in the Isikveren camp, in a sea of mud and human excrement.

The Isikveren center was built for Muslims on pilgrimage to Mecca. It was used last year by thousands of foreigners who fled Iraq after the Iraqi invasion of Kuwait on Aug. 2.

Iraqi Kurdish rebels said Sunday that Saddam Hussein's forces were still attacking rebel-held areas and refugees in northern Iraq. The rebels appealed for United Nations protection for civilians.

A spokesman for the Patriotic Union of Kurdistan said, "Hundreds of refugees were killed or wounded during the last three days in mountains and hills overlooking Sulaimaniya and on routes to Turkey by the fire of Saddam's helicopters, tanks and artillery."

The United States has told Iraq not to use its aircraft north of the 36th parallel and to halt military activity near areas where refugees are gathered. There was no independent confirmation of the Kurdish assertions.

A U.S. military spokesman in Ankara said that 2,000 members of the 24th Marine Expeditionary Unit were due to disembark at the Turkish port of Iskenderun.

Lieutenant Colonel Philip Crowley of the U.S. Air Force, a spokesman for the U.S.-Turkish air base at Incirlik that is coordinating relief efforts, said the troops would arrive with 16 heavy-lift helicopters to help bring aid to the remote mountainous areas where the refugees have gathered.

The U.S. Marines will be joining almost 4,800 American military personnel already involved.

Turkish officials say that about 500,000 refugees, mostly Kurds, have fled Iraq to Turkey.

Iran has said that at least 900,000 Kurdish refugees and about 150,000 Shiite Muslims have fled Iraq and sought refuge in Iran.

American, British and French transport planes were taking off from Incirlik with relief supplies for the refugees at the rate of three every 30 minutes, Lieutenant Colonel Crowley said. He said that each aircraft carried 32 tons of aid.

"We lifted just over 850 tons of supplies in the first week," he said. "Now we are entering the second phase, trucking relief to forward supply points to be picked up by helicopters."

The United Nations High Commissioner for Refugees, Sadako Ogata, arrived in Tehran and said that 50 tons of food supplies had been sent to Iran.

(AP, Reuters)



An Iranian soldier helping Kurds cross a ditch in the mountains near Piranshahr, Iran. Tehran said that it expected an influx of 1.5 million refugees from Iraq.

Kurds' Fight for Life Goes On

With No Distribution System, Refugees Battle for Food

By Blaine Harden
Washington Post Service

ISKVEREN, Turkey — It was frozen chickens, tens of thousands of them, tossed from the rear of a refrigerated truck, that kicked off the first food riot on Sunday in a mountain refugee camp for 150,000 Iraqi Kurds.

Several thousand Kurdish men, most of them young and most of them shouting, elbowed each other for position as the frozen chickens arched high above outstretched hands. Women and children, afraid that they might be trampled, sat nearby on rocky hillside and watched the poultry fly. The chickens, frozen hard as stones, smacked many refugees on the head. Several noses were broken.

Meanwhile, mothers clutching crying infants fought their way through the crowd toward small field hospitals. Higher up on the mountain, men dug graves for the 31 refugees, most of them infants, who did not survive Saturday night.

Turkish soldiers, not United Nations refugee officials, were again in charge on Sunday.

They blew whistles in failed attempts to keep order. They swung clubs and rifle butts to keep refugees from surging down the mountainside toward newly arrived trucks. The hundreds of tons of arriving aid ranged from sleeping bags to baby cribs to jumbo-sized

cans of Knorr exotic Chinese salad.

As the day wore on, the pandemonium continued as the refugees fought over bread, cans of Italian beans, rubber shoes. At least one Kurd was crushed, his legs shattered under the wheels of a moving tractor, when refugees swarmed around a wagonload of rubber shoes.

It has been two weeks since the Iraqi Kurds, fleeing Saddam Hussein's army, began camping out in the 2,140-meter (7,000-foot) creases in the mountains that run along the Turkish-Iraqi border. In that time, as relief aid from around the world has begun to arrive in ever larger quantities, no attempt has been made to regulate its distribution.

There has also been no attempt to provide the refugees with rudimentary sanitation in places like Isikveren, which is the single largest camp for the half a million Iraqis who have walked into the border areas.

Because of an acute shortage of clean water, infectious dysentery has spread among the camp population. Bayram Daoud, an Iraqi doctor working in a hospital tent erected Saturday by the Dutch relief agency Doctors Without Borders, estimated Sunday that about 80 percent of the people in the camp had infectious diarrhea, including himself and the camp's three other doctors.

Although there are now three or four water trucks coming to the camp each day, Dr. Daoud said, most of the water comes from snow, which Kurdish families claw out of nearby mountain ridges and melt. The doctor said that the water from the snow made people sick, and that, on average, there were four broken limbs a day among refugees climbing to get to it.

A local Turkish government civilian administrator, who has been working in the camp for two weeks, said the Turkish Army was hampering the relief operation, allowing soldiers to steal relief supplies and shooting an average of two refugees a day. The administrator did not want to be quoted by name, fearing army retribution.

On Friday, a Kurdish teenager was shot and killed by a Turkish soldier when the youth ran toward a crate of relief supplies that had been dropped from an airplane by parachute. On Saturday, soldiers were seen stealing arm loads of oranges from a relief truck. A Washington Post photographer last week saw stacks of white British-made tents, which had been sent for the refugees, piled behind several private homes in villages near the refugee camps.

There is a shortage of about 2,500 tents in the Isikveren camp, forcing many families to sleep outside in the mountain cold.

Nixon Solution: He Would Order Hussein Killed

Reuters

NEW YORK — Former President Richard Nixon has said he would order the assassination of Saddam Hussein if he were still in the White House.

In the transcript of a television interview, Mr. Nixon also said Mikhail S. Gorbachev might have missed his chance to change the Soviet Union.

Mr. Nixon, 78, called Mr. Hussein "an international menace" and said he would be a "threat to peace and stability in the area" within five years if he stayed in power.

"If I could find a way to get him out of there, even putting a contract out on him, if the CIA still did that sort of a thing, assuming it ever did, I would be for it," Mr. Nixon said. A transcript of the interview was made public on Saturday. The term "contract" is U.S. underworld jargon for a hired killing.

Speaking of Mr. Gorbachev, whom he met recently, Mr. Nixon said Soviet citizens felt the country's president was weak. "They said he was indecisive," Mr. Nixon continued. "They said he was a talker, rather than a doer. One of them described him as a brutal wimp."

Cairo Police Detain Kuwaiti Emir's Nephew

By Youssef M. Ibrahim
New York Times Service

CAIRO — Egypt announced on Sunday the detention of Talal Nasser al Sabah, a member of Kuwait's ruling family who is related to the emir, on allegations of possessing nearly two pounds of heroin and trafficking in the drug.

Under Egyptian law, the offenses are punishable by the death sentence.

Egyptian officials suggested that the detention of Sheikh Talal and his announcement Sunday on the front page of the government-owned newspaper Al-Ahram were reminders to Arabs — returning to this country as tourists in large numbers after the Gulf crisis — not to abuse of the country's hospitality.

Sheikh Talal, who was described by Al-Ahram as "a heroin addict who makes the drug to supplement his enormous spending habits" was taken into custody in his apartment in the suburb of Helwan in the company of a Syrian employee, a 54-year-old man identified as Abdo Ahmad Naim.

Sheikh Talal, a nephew of the emir of Kuwait, Sheikh Jaber al Ahmad al Sabah, was also tied by Al-Ahram to an attempted murder last year of one of Egypt's most popular singers, Ahmad Adawiya.

The singer was found unconscious in a room at the Marriott Hotel in Cairo after overdosing on heroin. It was suggested that the drug was given to him by Sheikh

Talal in an attempt to kill him during a dispute over a woman.

The detention of Sheikh Talal and the publicity given it represent a fundamental departure from previous Egyptian policies of appeasement with visiting Arab dignitaries, many of whom come to Egypt seeking liberties they deny their own people at home, including alcohol consumption and the frequenting of nightclubs.

The move also seems part of a newly assertive attitude by Egypt in Arab affairs after the Gulf war.

Several weeks ago, President Hosni Mubarak ordered the expulsion of a diplomat from Yemen who was said to have insulted an Egyptian storekeeper and denigrated Egyptians during a public argument.

Such infractions in the past by Gulf dignitaries were generally overlooked or quietly settled through diplomatic channels.

Al-Ahram's account, confirmed by Egyptian authorities, said Sheikh Talal was detained after offering to sell an undercover policeman 1 million Egyptian pounds (\$315,000) worth of heroin during a meeting at Sheikh Talal's apartment.

Egyptian human-rights groups asserted earlier this month that several Egyptian laborers had been tortured and killed by Kuwaitis on unfounded charges of having collaborated with Iraq during the occupation.

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Jon Fetterolf, a Haverford sophomore, lives down life at its electronic best, with "a lot of stuff."

AMERICAN TOPICS

College Dormitories: A Study in Gadgets

A generation ago the only appliances in the typical college dormitory room were radio, record player and perhaps an electric razor. Today's rooms have so many gadgets plugged in that, in the words of Tom G. Kestner, president of Haverford College near Philadelphia, "the walls in some students' rooms look like the flight deck of the space shuttle."

Some colleges are even rewiring residence halls to keep up with rising energy demands. The New York Times reports, The Association of Physical Plant Administrators of Universities and Colleges says that electricity consumption in college residence halls has been going up 3 percent to 5 percent a year for the last 15 years.

Jon Fetterolf, a Haverford sophomore, says he and his roommate have two computers, two compact disk players, a color television set, a microwave oven, an answering machine, an electric shaver, a popcorn popper, a coffee machine, two electric alarm clocks and a refrigerator. "We have a lot of stuff," he says. "I don't think that is unusual."

Short Takes

The Bonneville Salt Flats in Utah are shrinking fast because the salt is being leached out. The Washington Post reports, 96,000 acres (about 39,000 hectares) when first surveyed in 1926, is 25,000 acres today. Racing-car

enthusiasts, who have had to shorten their runs as the flats contract, have joined environmentalists in an effort to save the flats. The erosion is largely attributed to a potash mine, which removes salt-laden ground water, and a road that crosses the flats and acts as a conduit to remove the water.

The moonshine stills are returning to Appalachia because of hard times, higher taxes and, especially, the manufacture of alcohol as fuel. The revenuers are back, too. Paul Lyon, head of the federal Bureau of Alcohol, Tobacco and Firearms in Charlotte, North Carolina, says, "We don't believe all that alcohol is being burned in tractor engines." No national statistics are available, but Georgia revenue officials report destroying 105 illegal stills in the last four years, compared with two or three a year 10 years ago.

San Francisco's cable cars are quaint, but since they began running again in 1984 after a two-year, \$63.7 million renovation, they have been noisier than ever. Newly designed cross beams that hold the cable down are much safer and easier to maintain than the old models, but they produce a steady, low-pitched moan. Richard and Norma Garcia-Kennedy say they have had to close the front of their Edwardian house on Russian Hill, "wear earplugs and take sleeping pills." They have sued the city to stop the noise, thus far to no avail.

About People

Mickey Rourke, who fought 24 amateur bouts before he went into acting, plans to try professional boxing for a spell. Now 34, he says he plans to fight 12 to 15 times professionally, then get out of the sport. He is scheduled to make his pro debut as a super

middleweight at 168 pounds (76 kilograms) on May 28. He says many a fighter in the top 20 can beat him, "but there's still a lot of guys I can put it to real good."

Bruce Willis, star of "Die Hard" I and II, says sudden fame and riches is "like this huge reality test: Try to go from not having anything you want to having, in a very short span of time, everything you've ever wanted. Now try and be a real human being. Try and maintain some grasp on reality."

Of Hollywood Casting And Shades of Color

Hollywood's "lack of color-conscious casting is an insult to African Americans," says Richard G. Carter, a former columnist for the Daily News in New York. He objects to Sidney Poitier's having appeared as the Supreme Court Justice Thurgood Marshall in a recent television miniseries on civil rights. "The real problem," Mr. Carter writes in The New York Times, "is the difference in their skin color. Mr. Poitier is very dark and Mr. Marshall very light."

He adds, "For years, TV and movies have presented us — light-skinned blacks like myself, and my darker brothers and sisters — with images of recognizable blacks that don't ring true. This is the result of insensitivity on the part of producers who fail to acknowledge that our skin color ranges from ebony to dark brown to light brown to almost white — something that 30 million African Americans are acutely aware of."

Mr. Carter sums up: "With black people, skin color counts. Even if Hollywood can't see it."

Arthur Higbee

Bush Maps a Plan to Be the 'Education President'

By Adam Clymer

New York Times Service

WASHINGTON — President George Bush plans to stake his claim to be the "education president" by proposing national student testing, a federal program of research and development contracts to invent new kinds of public schools and a plan for schools to provide children with a range of social services, according to administration officials.

The wide-ranging proposal, to be announced Thursday, is a bid not only to change U.S. education but also to scize the Democrats' best political issue. Assembled by Lamar Alexander, the new education secretary, the program would involve less money than has been proposed by Democrats over the last two years.

It calls for several hundred million dollars in new federal expenditures, a senior administration official said. Most would go for grants to encourage states and localities to try a variety of educational innovations.

The plan was still being polished after an initial version of about 200 pages won Mr. Bush's approval.

The plan comprises four sections. The first, called "better and more accountable schools," focuses on improving schools for the children attending them now.

Along with national testing, some ideas in this area include promoting parental choices on which schools their children should attend and a system in which federal aid to schools would be based at least in part on their showing improvement in test scores.

The second section envisions "a new generation of American schools." The third part, "back to school," involves literacy, job skills and other forms of adult education.

The fourth element seeks to coordinate the local, state and federal services that affect a student's schooling, from child nutrition to employment help for parents. It is called "the other 91 percent."

The administration does not expect serious opposition to its proposals, officials said, at least at first.

It counts on getting them passed because of national concerns about failing schools and international competition, and because of the support of the governors, who have worked with Mr. Bush in setting educational goals.

The potential political appeal of the president's program has already made some Democrats nervous, even though only limited amounts of the plan have been reported publicly and no member of Congress has been briefed on it.

A Democratic consultant, Mike McCurry, said that if Mr. Bush could persuade the public that he was "making public schools in this country work again," he would leave a strong political legacy.

An official involved in drafting the plan said the grants for "a new generation of American schools" were expected to draw the most attention.

He foresaw a "major new investment" in efforts to create several hundred schools run differently from those of today, perhaps by

private industry, with longer school days or years, and new approaches, most of which had been tried somewhere.

The point, he said, was to "get things that people say work, get more people to try them, and persuade more people they work."

Out of the 110,000 public and private elementary and secondary schools in the country, he said, "You've really got only a handful that are trying to do different things."

The major focus of efforts to improve existing schools is most likely to be on testing, the official said. He said the Alexander plan would seek to develop a system of tests in English, mathematics, science, history and geography.

He added that the plan did not envision a single test, for example, in arithmetic taken by all of the country's fourth graders at once. Instead, he expected groups of states in a region to develop a set of tests. Standards would be drawn up to relate test scores in the Northeast, say, to those in the Southwest.

U.S. Nuclear Overhaul: Is 'Example' Good or Bad?

By Keith Schneider

New York Times Service

AIKEN, South Carolina — Despite new projections for a much smaller U.S. nuclear arsenal and increasing concern about controls on spending, the Department of Energy is pouring billions of dollars into a frantic effort to repair and modernize the bomb-making equipment there.

Energy Department officials in Aiken and in Washington cite Savannah River as the highest example of the agency's new ability to plan effectively, manage complicated projects and do top-quality work.

As the department proceeds with the closing of nuclear-weapons plants in Washington state, Ohio and Colorado, the Savannah River Site will become vital as the dominant supplier of radioactive fuel for

nuclear weapons in the 21st century, its supporters say.

But critics of the plant and the Energy Department, including congressional investigators and some plant employees, say that behind Savannah River's high barbed-wire fences the department is wasting huge sums because of intractable problems with communications, planning, design and construction.

From daybreak to nightfall, yellow bulldozers, growing dump trucks and thousands of workers in hard hats raise a pounding din across the 300-square-mile (775-square-kilometer) reservation.

Officials at the Savannah River Site disclosed this month that the plant's budget was more than \$2.2 billion this fiscal year, twice what it was two years ago. The number of workers at the site has nearly doubled, to 24,000.

About \$1 billion has been spent in the last few years on a plant to turn liquid radioactive waste into a solid for permanent burial, \$96 million on a plutonium processing plant, \$72 million for a reactor cooling tower, and hundreds of millions on cleanup operations.

But the biggest spending, well over \$2 billion since late 1988, has been to repair three reactors — two of which the Energy Department now says it does not need because of the number of U.S. nuclear weapons is being sharply reduced.

And despite hundreds of millions of dollars spent on training, operators remain incapable of running the reactors safely, according to independent investigators hired by the Energy Department's chief safety advisory board.

Inspectors from the civilian nuclear power industry have found rampant weaknesses in programs

to safeguard workers from radiation despite three years of training, new equipment and efforts to improve monitoring.

The Energy Department has proposed a huge program, estimated to cost \$200 billion to \$300 billion and take at least 30 years, to take old nuclear weapons plants out of service, clean up hundreds of square miles of ground contaminated by chemical and radioactive wastes and build a more compact nuclear weapons industry.

Unless there is closer supervision of the agency's planning and stricter limits are placed on its spending, critics say, more problems like those at Savannah River are certain to arise, and tens of billions of dollars could be missed.

"Somehow, we have to get this agency under control," said Representative Mike Synar, Democrat of Oklahoma, chairman of the House

Energy and Commerce Subcommittee on Environment, Energy and Natural Resources.

In interviews, craftsmen at Savannah River, who refused to be identified because they said they feared reprisals, described how, in a typical eight-hour day, they might actually work 40 minutes.

The rest of the time, they said, workers collect signatures and authorizations for tools, blueprints, work orders and other documents required for any task at the plant. James S. Moore, president of Westinghouse Savannah River Co., the Westinghouse subsidiary that has operated the plant since 1989, confirmed the workers' accounts.

He said Westinghouse was instituting rigorous and formal work procedures at the plant that were standard in the nuclear industry but were never part of Savannah River's operations until the late 1980s.

Salvador's Army Kills 14 Rebels, British Leader Denies Dithering

The Associated Press

MEXICO CITY — The Salvadoran Army has killed 14 guerrillas, including a commander who was a nephew of the Nicaraguan president, in what rebels claimed was an effort to derail peace talks, a rebel spokesman said over the weekend.

Salvador Samoyoa, spokesman for the political commission of the Farabundo Martí National Liberation Front, said the guerrillas had been ambushed, and that Antonio Cardenal, a nephew of President

Violeta Barrios de Chamorro of Nicaragua and top field commander, had died. He added that the attack meant that "the army has no will to negotiate."

Mr. Cardenal belonged to the group of leaders who run the front, which is a coalition of five armies fighting the U.S.-backed Salvadoran government. He had participated in most peace talks with the Salvadoran government since June.

Mr. Samoyoa said the front would continue to take part in the negotiations despite the attack.

LONDON — Prime Minister John Major vigorously rejected criticism on Sunday from members of his Conservative Party and the Labor opposition accusing him of dithering and wobbling.

Mr. Major has been under fierce attack from right-wing members of his party who complain that he lacks the drive of his predecessor. In an interview, Mr. Major brushed aside the jibes as "juvenile name-calling," and he defended his consultative leadership style.

Herald Tribune

Published in New York and London

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Bite the Mideast Bullet

Two reconnaissance missions to the Middle East by his secretary of state leave it uncertain whether President George Bush has yet decided to make the mighty effort it would take to reach for peace. The Arab world is in a favorable configuration, the Soviet Union looks — for it — cooperative and the United States has new regional prestige. But the Iraq war showed that the American regional position did not after all suffer from American support of Israel, and Mr. Bush must ask whether even the most serious initiative could succeed.

We think it would be shortsighted of him to bask in the Gulf political gains and try to avoid the risks of a Mideast negotiation. It is hard to imagine how or when a better moment might arise to ease a dispute that has fueled repeated wars and that spreads misery in the manner of a flaming oil well.

The Iraq war brought home to American policymakers the need to add to the familiar focus on Israeli-Palestinian differences a new attention to Israeli-Arab state differences. There are new possibilities to bring in the Gulf states that heretofore disdained contact with Israel. Syria, eager to get back the Golan Heights, is primed. Israel did not actually "annex" Golan 10 years ago; it applied Israeli law but kept the territory open to negotiation. A high Likud figure recently reassured this position. That Prime Minister Yitzhak Shamir rebuked

him had best be taken as Israeli politics. Unlike the West Bank, Golan is for Israel exclusively a security issue, and security can be dealt with in many ways — demilitarization, Israeli arms, United Nations policing, American-Soviet guarantees and so on.

Of course nothing will happen until the West Bank Palestinians move into talks with Israel. They hold back because they are poorly led and because Israeli settlements policy and American support for it indicate to them that there will be no land at the end of the tunnel of negotiation. The leadership problem can be fixed with autonomy elections; these, remember, are not an American invention but a longtime Likud centerpiece. The matter of PLO representation is a red herring: Whatever conditions Israel insists on, elections will still give West Bankers an authentic and powerful voice of their own. As for Israel's settlements, they can be handled not simply in Israeli-American discourse but in Israeli debate.

Israel is tough. Likud is tough. Yitzhak Shamir is tough. But being tough in that part of the world is part of being alive. Likud could be again the "peace party" that Menachem Begin made it. A year or two of American diplomatic agony seems a reasonable way for the United States to help. Otherwise, without American persuasion and commitment, it won't happen.

— THE WASHINGTON POST.

Law on the Kurds' Side

President George Bush was so determined to avoid plunging into a quagmire like Vietnam that he initially plunged instead into what looked like a glacier of indifference to the fate of Iraqi Kurds and Shiites. Now, after an uproar of shock, he has warmed to his humane duty. He has moved to reinforce international rescue operations by ordering the American military to feed and provide sanctuary for the refugees. By doing so at last, he advances his, and the world's, understanding of international law.

From Iraq's August invasion of Kuwait until the shooting war ended, Mr. Bush repeatedly and justly branded Saddam Hussein a global outlaw and his aggression a flagrant violation of international law. When the shooting stopped, so did those charges, no matter that the Iraqi dictator then rained misery on his own people. Viewing the Kurdish revolution and its consequences as Iraq's internal affair suited Mr. Bush's determination to avoid the quagmire, but it betrayed an obsolescent view of international law.

Whatever the scope of international law may be, Iraq's aggression was a gross violation. To invade a neighboring state is to shatter long-standing global norms. But what of Saddam's subsequent domestic oppression of fellow Iraqis bordering on genocide? Does that not likewise offend international rights?

No, not even that, according to notions of international law honored until recently. These fixed international legal rights as

those of states, not of people. Although the United Nations has proclaimed its concern for human as well as national rights, the scholarly American Law Institute as late as 1965 was defining international law as "rules and principles of general application dealing with the conduct of states and international organizations." Not until 1987 did the institute's lawyers add, "as well as some of their relations with persons."

Now the stark images of Kurdish refugees have forced yet more humanity on theory. Even as the United Nations declares the shooting over, it expresses institutional concern for starving civilians and its determination to provide some sort of safe haven and relief. In only a handful of cases in UN history has the Security Council declared, as it did on April 5, that an ostensibly internal matter posed a threat to international peace.

The Kurds may lack military support abroad but they now have the law on their side. International authority for humanitarian assistance independent of the police action over Kuwait's sovereignty. With all the suffering that is now evident on the world's television screens — indeed, because of the suffering — concern for human rights now transcends borders and political interests, and may be taking hold. That concern could stand even more leadership of the sort Mr. Bush so ably gave to the coalition against aggression. Such new world law comes as a warmly welcome aspect of the new world order.

— THE NEW YORK TIMES.

Democracy for Africa

Beginning this past Friday in Togo, opposition political parties were to be allowed to organize, and political dissidents were to know the joys of amnesty. None of this was contemplated, let alone authorized, by the government earlier in the week. But the combination of violence in Lomé and mounting popular pressure in the country to end 20 years of one-party rule convinced the president that immediate changes were needed to avert a slide into chaos.

In neighboring Benin, a 19-year-old Marxist regime was swept from office last month, through the power of the ballot — a first on the mainland of sub-Saharan Africa. Farther north, the ruler in Mali was chased from office last month by force of arms. Still, the new military-civilian coalition has promised a new constitution in three months to be followed by elections. And in Nigeria, Africa's most populous country, the military regime has moved beyond political pluralism and democratic reforms.

Gabon and the Ivory Coast are already there, having made the transition from one-party states to multiparty systems through elections judged to be free and fair by the U.S. State Department. Similar demands for democratization are growing elsewhere in Africa, and the failed and aging one-

party regimes are finally starting to respond. None of this is by accident. Growing numbers of Africans recognize that their post-independent economic systems could not have lasted so long and inflicted so much damage on their frail and vulnerable economies without closed and authoritarian political systems. For the economic reform efforts to work, progress must occur on the political front as well. That message is well understood in Eastern Europe and much of Latin America; it is now being heard and taken to heart in Africa.

But the countries involved are trying to achieve as much as other emerging democracies while working with so much less. African institutions are generally weaker, and local skills are in short supply. Fortunately, the World Bank and other international donors are launching a special program that will train African educators, economists and public policy professionals to manage and direct development efforts in the region. The Bush administration is seeking congressional authorization of a \$10 million African Regional Fund to Support Democracy. With those programs working in phase with the transition to market-oriented systems, the long-term prospects for Africa are brighter.

— THE WASHINGTON POST.

Other Comment

Awaiting the United Nations

The question is how long the United States will be able to maintain credible pressure on the Iraqi tyrant. Britain and France are still trying to urge the other permanent members of the United Nations Security Council to support the EC plan. If the Kurds are to be protected, United Nations guarantees are undoubtedly necessary. And if the dream of a new world order is to be realized, that, too, will have to be realized through the United Nations.

— Politiken (Copenhagen).

The Bush administration won the Gulf war with ease but it is losing the peace in the moral dimension. It won the war because the president showed resolve. He did not tie

the hands of his generals, he let them gather and freely use great forces. However, after trumpeting the victory Mr. Bush showed a different face — the one shown after the Tiananmen tragedy and after the events in Vilnius last January. The explanation that safe haven cannot be created because the Soviets and the Chinese would be against it does not convince anyone.

Mr. Bush's attitude toward Saddam Hussein was deeply emotional, just as in the case of the Panamanian dictator Manuel Noriega more than a year ago. When he managed to humiliate the dictator, the president went back to "realpolitik" — the idea of which is not to be in conflict with anyone. With the exception of the helpless Kurds, whom one may disregard.

— Gazeta Wyborcza (Warsaw).

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Tel: (1) 46 37 93 00. Telex: Advertising, 613995; Circulation, 612782; Editorial, 612718; Production, 630698.

Director of the publication: Richard D. Simmons

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Hong Kong: Tel: 472-7768. Telex: RS56928. Fax: 472-7768. Telex: RS56928

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S.A. au capital de 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337

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OPINION



Kurds, Shiites and Other Victims Are UN Business

By Melvin Fagen

GENEVA — International action to assist the Iraqi Kurds and Shiites is being hindered in the false belief that the United Nations charter prevents intervention in problems within the domestic jurisdiction of Iraq.

In fact, the charter (in Chapter I, Article 2.7) expressly limits the application of the nonintervention principle to matters "essentially" within the domestic jurisdiction of a state. But when hundreds of thousands of Kurds, Shiites and other refugees flee to Turkey, Iran and U.S.-occupied parts of Iraq, this is no longer an essentially domestic affair. It becomes an international problem endangering peace and security in the region as a whole.

Even more explicitly, the charter specifically permits, as an exception to the nonintervention principle, "enforcement measures" by the Security Council with respect to its action in combating breaches of the peace and acts of aggression. Without violating the nonintervention principle, the council can impose on the Iraq government "enforcement measures" that include not only conditions for a permanent cease-fire, as it has already done in its resolution requiring Iraq to withdraw its troops and reparations, but also other conditions designed to achieve peace and end acts of aggression.

The council has asked Iraq in a separate, more recent resolution to end its attacks on the Kurds, but now it should go further, requiring the Baghdad authorities to enter immediately into peace talks with these dissident ethnic groups, the talks to be held under the sponsorship of the United Nations. And it should maintain the embargo as well as the occupation of southern Iraq until these talks and negotiations have been successfully concluded.

Such a mediation effort would be similar to the

use of the United Nations as a go-between in the conflict involving the Afghan resistance and the Afghan government. The main difference would be that the United Nations in this instance would not need to obtain the consent of the Iraq authorities but could demand the talks as part of the "enforcement conditions" imposed by the Security Council. These talks should provide the foundation for an agreement whereby the Kurds and the Shiites could safely return to their homes and secure their rights as constituent parts of a new Iraq.

A further result might be to discourage efforts that might otherwise be made to separate dissident portions of the Iraqi state from the rest of the country. By removing the threat of secession, such talks could thus help bring about a greater democratization in the Baghdad administration.

The United Nations should appoint neutral representatives who would preside over the peace talks and act as mediators. An arrangement of this kind could also help achieve what Flora Lewis urged on this page on April 6: a new look at the issue of what is internal conflict and what merits international action. Such a new look would be particularly useful today when ethnic conflicts are bringing about numerous and urgent calls for independence and separation from central authorities, thereby creating truly international problems that threaten world peace.

The most obvious current examples are in the Soviet Union and Africa.

It is not a proper function of the United Nations to help settle these conflicts by peaceful

means? Should not the United Nations set up machinery that would be available for mediatory negotiations between the parties, thus avoiding bloody clashes between them?

Such UN mediation would be a great advance on previous international efforts to deal with ethnic unrest. Under the League of Nations, an ineffective attempt was made to protect minority rights within certain states, but the national minority itself was not given the right to make complaints to the League, and the procedures for individual's complaints tended to prevent their cases from being heard.

The United Nations Commission on Human Rights has also proved a very weak reed, being composed of governmental representatives whose political logrolling has adversely affected its operations. While it has served as a body to make public certain violations of human rights, it has not been given the authority to mediate in ethnic disputes.

A stated purpose of the United Nations is to apply the principle of the "self-determination of peoples" while "promoting and encouraging respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion." And the charter said the United Nations was established to be a "center for harmonizing the actions of nations in the attainment of these common ends." It is now necessary that it provide machinery for the peaceful resolution of ethnic conflicts, and not least to settle such conflicts arising from its own enforcement measures in Iraq.

The writer, a former director of the UN Economic Commission for Europe, contributed this comment to the International Herald Tribune.

A Decent Solution: Temporary Partition of Iraq

By William Pfaff

PARIS — John Major's proposal for UN-guaranteed enclaves inside Iraq to protect refugees has won European Community endorsement. Like the U.S. decision to counter Iraqi military action north of the 36th parallel, it is a fairly desperate improvisation motivated by genuine concern for the refugees, but also by the need to beat back public indignation in the West over what is happening in Iraq as a consequence of the Gulf war.

To the extent that both actions serve the latter purpose, they compound the cynicism which marked Western encouragement to the Iraqi people to rise against Saddam Hussein, followed by their abandonment.

Even if it were feasible now for relief agencies to provide decent living facilities for the refugees in the hostile terrain and weather conditions of the frontier zones, what follows? Turkey and Iran cannot be expected to take the refugees in. Do they simply stay there to rot? Is the West now to walk away, closing eyes and ears to this immense human tragedy, for which the United States and its allies bear an important share of the responsibility?

However, something serious might be made of Mr. Major's proposal and the American extension of air cover to the refugees. It is essential to try.

The American protection zone north of the 36th parallel includes Mosul and 11 other substantial towns. It covers something like a sixth of Iraq's territorial extent. Discussion of the Major plan includes a proposal that it extend as far south as the city of Kirkuk, some 40 miles south of the 36th parallel. In the southeast, Iraq has asked for a UN sanctuary for persecuted Shiites. Kuwait has formally proposed a security zone for the refugees now protected by the American troops in southern Iraq.

We are talking about the partition of Iraq. This is something the Bush administration has made plain it does not want. However, people and governments do not always get what they want, and Mr. Bush surely is sufficiently intelligent and experienced to understand that launching the heaviest bombing campaign in history, and a 500,000-man coalition army, into Iraq would scarcely contribute to that country's political order and continuity. Or did he decide to think about that tomorrow? Tomorrow is here.

De facto partition could be made into an instrument for getting what Washington and its European allies really want from Iraq, a change of regime. The only other visible way to do that is to resume the war. That obviously is unpopular and would require a complicated reversal of the vast machinery now engaged to bring the troops home.

Another way is possible. The allies could do the following:

• Go back to the Security Council for authority under the 1948 UN Genocide Convention to create large, temporary security zones in Iraq in regions adjacent to Turkey and Iran, where Kurdish and Shiite populations have lived.

• These areas to be placed under United Nations administration for as long as necessary to assure the permanent security of their inhabitants, and to be defended by a UN-mandated military force.

This means effective partition of Iraq under international authority, to last as long as the present Baghdad regime in Baghdad threatens the Kurdish and Shiite populations. When a new government is installed which offers reasonable assurances of security for all of Iraq's people, UN intervention would be terminated and Iraq restored within its old borders.

The principal advantage of this plan

is that most refugees could go home. Farming and a limited economic life could resume. People could recapture something resembling a normal life, with reasonable expectations of security. They would not be reduced to the endless penury and hopelessness of the refugee camp — the prospect the refugees face today.

The second advantage is that this could provide an alternative to more war, the only other way to overturn Saddam Hussein and put Iraq together again. I qualify that statement because the Iraq regime might fight to hold or reconquer these zones. Given what happened to Iraq's army in Desert Storm, they might not. Partition would also greatly intensify pressures within the Iraqi military and political classes to get rid of the dictator.

But coalition forces would have to remain in the region to establish and protect the security zones. U.S. troop withdrawals would have to be curbed. Once the zones were established, however, the force mix could be predominantly composed of air power.

The final advantage is that this plan has clear objectives and a time limit. It is not permanent partition. Partition is qualified and the conditions for its termination are explicit. It offers an invitation for Iraq to return to the community of the civilized. It also extends the principle of international humanitarian intervention to counter genocidal acts, an idea making its way in international precedent and law. Moreover, it might work. It is better than more war. It certainly is better than the moral treachery involved in now walking away from Iraq, admitting that the West intervened in that country long enough to wreck it but not long enough to do anything for those Iraqis who thought themselves allies of the democracies, and acted on their beliefs.

International Herald Tribune

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What Bush Has Done In the Gulf

By Leslie H. Gelb

NEW YORK — I have been trying to figure out George Bush's responsibility for the present Iraqi misery in Iraq — and to better understand the mind of this man who is defining the new world order. Bear with me.

Does the plight of the Kurds and others mean that Mr. Bush was wrong to fight the war? No. Saddam Hussein's Iraq represented a clear and immediate danger to the entire Middle East and to all states dependent on oil. Iraq's conquest of Kuwait had to be reversed, and Saddam's military power to threaten his neighbors destroyed.

Mr. Bush did this. And he demonstrated great personal skill and determination in assembling United Nations support and a collective military response.

Was he wrong to encourage rebellion against Saddam? No. Any president would have done that to undermine Saddam. In any event, the war itself was bound to spark rebellions among Kurds and Shiites who have suffered so long under his tyranny. Maybe Mr. Bush went further and secretly led the Kurds to believe that he would arm and protect them. If so, he misled them irresponsibly.

Should he have continued the war until Saddam was overthrown and his military power shattered? Perhaps. But that is not Monday or Tuesday morning quarterbacking; it is Wednesday's second-guessing. A month ago, virtually everyone wanted to stop the war right away. Almost everyone argued that it would be inhumane for America to engage in a turkey shoot against fleeing Iraqis.

Almost everyone maintained that the UN mandate did not extend to eliminating Saddam.

Even if Mr. Bush had fought on against all advice, it is not clear what he would have accomplished. Most of Saddam's forces were well outside the battle area. Mr. Bush could not have destroyed them and saved the rebels without invading all Iraq. And my guess is that short of capturing Baghdad he could not have removed Saddam from power.

In retrospect, full invasion seems an easy and inviting course. But no ally would have joined America in such a venture at the time, and for good reasons.

Did Mr. Bush, nonetheless, make a mistake in not shooting down Iraqi aircraft and helicopters? Absolutely. Iraqi-American troops were called for their grounding. By letting them fly after he promised to knock them from the sky, he blundered. In effect, he signaled to Iraqi forces that they were free to use full power against the rebels.

Why did he make such a mistake? Because he did not want to see Iraq split apart and become a perpetual killing field like Lebanon — and, also like Lebanon, a carcase inviting outsiders to feast. And these concerns were on target.

He also did not want the United States to become embroiled in a civil war. Again, wise caution.

But in thinking that his only choices were full military intervention and inaction, he erred badly. He had a third choice: U.S. air power without ground involvement. That would have slowed down Saddam, appreciably, and given Mr. Bush more time to plan, something he neglected to do almost entirely about postwar Iraq.

Why did he not react quickly to Saddam's slaughter of the Kurds? There is no reassuring answer. George Bush is forever putting power politics above concerns for the lives and rights of people. That is why he pulled his punches in condemning the killings in Beijing and the Baltic states.

Similarly, his commitment to keeping Iraq whole blinds him to human costs. George Bush watched as Baghdad butchered its people. The shock and horror caused him to weep, but George Bush went fishing.

The tragic Kurdish exodus prompted many to demand immediate humanitarian relief, but at first George Bush could not even utter words of compassion. The world pleaded with Washington to warn Saddam Hussein to stop, but until late last week George Bush rejected this as intervention in the internal affairs of another state.

What does all this say of him? He sometimes bows to justice and people concerns, as in his speech on Saturday on the new world order. But he is clearly uncomfortable with such ideas. Thus far, he remains a master of the old game of power politics — and a man insensitive to and out of place in the new world his own actions are helping to create.

The New York Times.

100, 75 AND 50 YEARS AGO

1891: Spring War Cloud

PARIS — The usual spring war cloud has made its appearance. A part of the Press professes to believe that Russia is ready for war. She is concentrating troops on her south-western frontier, bands of volunteers are assembled in that region, and are in readiness to enter Bulgaria; the recent attempt to assassinate M. Stambouloff was the work of Russian agents and its success would have been followed by an immediate Russian invasion of Bulgaria; and the general depression on nearly every Bourse in Europe was due to the general conviction that war is at hand.

1916: U.S. Pussyfooting

NEW YORK — The almost unanimous opinion of the American press with regard to Germany's latest Note, in which Herr von Jagow indignantly denies the torpedoing of the Sussex, is that Berlin overstates human credulity and that the time has

come for making an end of a situation which, if long continued, would be likely seriously to compromise the dignity and honor of the United States. The comments of all the newspapers are strong and all voice the opinion that it is high time for decisive action. "No more pussyfooting," says the New York Tribune.

1941: Germans in Egypt

BERLIN — The German African expeditionary force is firmly established on Egyptian soil, the Nazi command declared today (April 14). Sohm, on the western Egyptian border with Italian Libya, and Fort Capuzzo, Libyan fortress south of the Port of Bardia, have been occupied, and German mechanized forces with equipment highly specialized for desert warfare are still heading eastward. Far ahead of them now within the range of military possibilities, lie Alexandria and the Suez Canal.

— From the New York edition of the New York Herald Tribune.

1992

The World's Rendezvous With Europe

Twenty-Third in a Series

Building Europe/ Market Outlook

Engineering's Trillion-Dollar Challenge

Building the structures and equipment that move people, goods and information throughout Europe has become a trillion-dollar business. The 1990s are ushering in a new dimension of activity — restructuring entire nations, regions and ecosystems — and a new kind of engineering company, one with the flexibility of a general contractor, the financial resources of a bank and access to the latest in high technology.

Siemens line crews will soon be combing through Kuwait's power grid, conducting a damage inventory of a system they were largely respon-

sible for building. This is the first sign of a return to a region in which Europe's engineering companies provided telecommunications, electrical and logistic infrastructure (roads, airports, water supply and buildings) and equipment.

The steepest cost will be environmental cleanup

sible for building. This is the first sign of a return to a region in which Europe's engineering companies provided telecommunications, electrical and logistic infrastructure (roads, airports, water supply and buildings) and equipment.

The latest estimate for cleaning up Kuwait is a modest 40 billion Deutsche marks (\$24 billion), down from the DM100 billion mentioned several weeks ago. Add to that sum the cost of cleaning up the unexpected, messy spillover in Saudi Arabia, the Gulf states, and perhaps India, Iran and even Iraq, and it is easy to see why newspaper headlines have been triumphant, but incorrectly, labeling the cleanup "the challenge of the century." The 24 billion Swiss francs (\$17 billion) the Swiss Parliament allocated for two new railroad tunnel links through the Alps comes close — allowing for inflation and the usual unforeseen building costs — to the cost of the Kuwait cleanup.

Although the 80-kilometer-long Swiss tunnels temporarily overshadow the Eurotunnel (\$14 billion at last count) and the rail and road link across the Great Belt in Denmark (a paltry \$3 billion), the Swiss project

and Middle East cleanup pale in comparison to the costs of rebuilding Eastern Europe. Germany is planning to spend DM55 billion to revamp the east's telecommunications over the next five years and DM55 billion for its rails and roads. Housing its eastern citizens at prevailing western levels is expected to cost DM300 billion over the next decade; providing eastern Germany's former Soviet occupiers with dwellings in the Soviet Union will cost about DM10 billion.

The steepest price tag, according to the Institut für Wirtschaftsforschung (Institute for Economic Research) in Munich, is the DM1 trillion Europeans will have to spend in the 1990s to construct and extend systems capable of purifying their air and water and recycling their waste. The estimated cost is not unreasonable, considering that the United States is generally accepted to have spent \$770 billion for environmental protection over the last 20 years. It does raise an interesting question: Who is going to translate these trillions of dollars in funds and politicians' visions into concrete and steel? The answer may determine the direction of European engineering.

Europe's engineering giants started out as manufacturers of electrical and communications equipment (Siemens and GEC) or power generation equipment (ABB, Alcatel Alsthom). Some have remained largely building companies (Bouygues, said to be the world's largest; Philipp Holzmann, Germany's leading building company), and others have entered the field through ambitious programs of diversification and takeovers (Daimler-Benz, Fiat, Lyonnaise des Eaux-Dumetz). Often embedded in a massive public-sector holding company (Finmeccanica and Italtel in Italy's IRI, the various engineering arms of Spain's INI), they can also be fiercely private sector (Sweden's NCC, Britain's Trafalgar House).

Europe's engineering companies were compelled by corporate ambi-

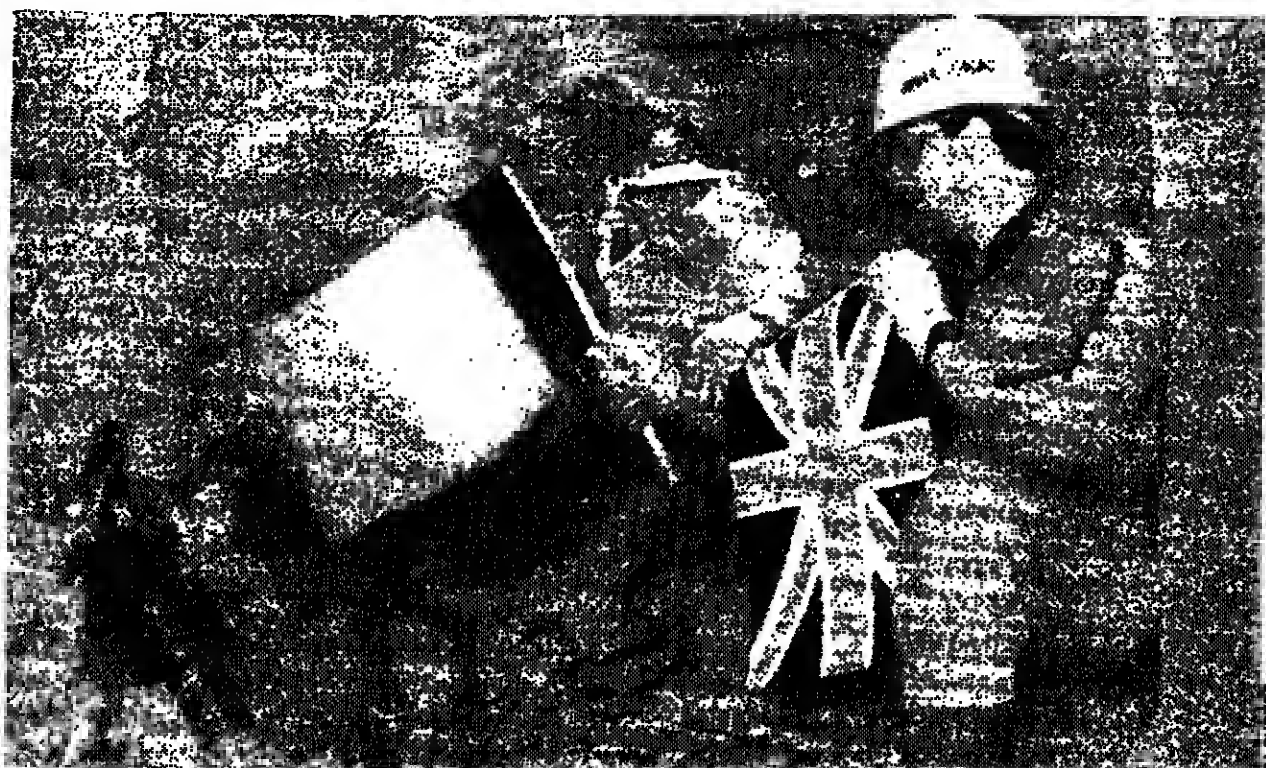
tion and the complexity of project scale in the 1980s to form two kinds of consortia. To capture the plum contracts of the last few years — Spain's rail-modernization scheme and Germany's D2 mobile-telephone system — lead companies assembled arrays of equipment and service specialists. Germany's ICE superfast train group, which is now bidding to build a high-speed connection between Seoul and Pusan in Korea, includes Siemens, ABB, AEG, Krupp, MBB and Thyssen, among others.

Siemens and Alcatel Alsthom are working together to build Athens' subway. GEC and Siemens joined together to take over Plessey, one of Europe's most respected electronics companies. GEC and Alcatel share GEC-Alsthon.

Major infrastructure projects are mostly financed by government bonds, which in turn are often paid for by users' fees, tolls or taxes. The entry into this billion-dollar world has given Europe's engineering companies cash flows and credit ratings often superior to the banks that finance the companies' normal operations.

The largest projects involve risks and commitments that cannot be taken on by a single company, not even one the size of Daimler-Benz, Europe's largest industrial company. Pan-European corporations, such as Airbus Industrie and Eurotunnel, are organized by the public sector and financed and operated by both the public and private sector in their various constituents. This type of corporation has clearly served as a model for the recently founded recycling companies initiated by German industry as a way of meeting the country's new, stringent and mandatory producer recycling regulations, due to take effect next year. Engineering companies are set to become these new companies' suppliers of goods and services, as well as their best customers.

Terry Swartzberg



British and French workers exchange flags at the breakthrough point in the Channel tunnel.

Aircraft / Pan-European Projects

Aerospace Anticipates the Single Market

Europe has witnessed numerous successful alliances in the aerospace engineering and manufacturing arena during the past two decades. A more unified Europe could breed even greater collaboration, from research and development to manufacturing and marketing.

The Gulf war amply illustrated the strategic benefit of state-of-the-art aircraft, high-tech weaponry and defense alliances. The obvious lack of a common defense and security strategy also revealed a chink in the armor of European unity.

The EC Commission is pushing for the defense industry to be given single-market treatment. One NATO esti-

mate predicted that EC countries could save one-fifth of the 30 billion Ecu (\$24 billion) they spend on defense procurement if they opened their markets.

Aerospace companies, however, are not waiting for political solutions. "1992 itself will not have direct repercussions because companies are already collaborating on a pan-European and international level," says Yves Michot, director-general of Aérospatiale in Paris.

Today the EC Commission is content with creating joint ventures in aerospace R&D. One program, under the umbrella of the BRITE research project, concerns European Re-

search in Advanced Materials, which is jointly funded by the EC and manufacturers and has a 70-million Ecu annual budget.

The European aerospace industry employs nearly half a million people yet devotes only 15 percent of its revenue to R&D, compared with 23 percent in the United States. Too often in Europe, defense-oriented R&D does not have commercial tie-ins, and companies reliant on government contracts and subsidies do not compete in the commercial marketplace.

The Airbus commercial plane, Ariane launcher, Atlantic maritime pa-

Continued on Page 9



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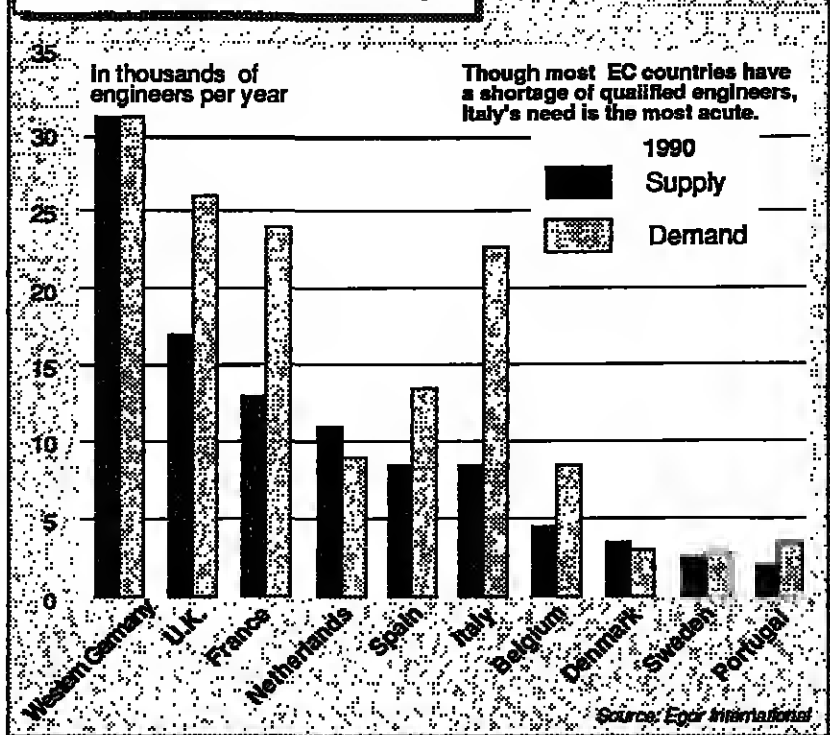
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1992 The World's Rendezvous With Europe

WANTED: ENGINEERS



Recruitment / A Shortage of Engineers

Who'll Take Up the Slack in Education and Training?

For Europe's engineering industry, the wider possibilities promised by the single market are tempered by a lingering question: Will employers be able to recruit the talent they need?

According to Peter Hector, assistant secretary of the British National Committee for International Engineering Affairs, most European countries — and particularly Italy — are experi-

'Some engineers are paid more than the chairman'

encing a shortfall in the number of engineering graduates they turn out each year. In France, there is great demand for young engineers between 28 and 35 years of age, in the fields of computers, aeronautics, electronics and chemical engineering. Germany is just about meeting its needs, and only Denmark and Ireland have traditionally produced surpluses.

Movements of European engineers from one country to another have been made easier by the European

Community's efforts to have professional qualifications recognized throughout the EC.

On the Continent, general recognition of professional status as an engineer usually comes with the attainment of a degree. In Britain, recognition is highly formalized and is granted by professional bodies. In descending order, the grades are: chartered engineer, incorporated engineer and engineering technician.

In the majority of EC countries, Mr. Hector says, engineering "is like most jobs: If you can get yourself past the front door and prove you can do the job, you've got it. Qualifications and professional titles aren't the be-all and end-all, although they do help you to get in the door in the first place."

To fill this gap, the Fédération Européenne d'Associations Nationales d'Ingénieurs (FEANI) has developed the Eur Ing qualification, a seven-year combination of education and experience intended to reflect a recognized professional level for chartered engineers. A basic requirement would be a

three-year university degree that is approved by the national engineering association. The Eur Ing qualification will set a standard definition of engineer for all of the 21 FEANI countries.

So far, 8,600 of the just under one million eligible chartered engineers in the FEANI countries have registered. The greatest number of registrants has come from Britain, with about 3 percent of those eligible already signed up. More than a thousand French engineers have joined.

"The success of the Eur Ing title will depend largely on how it is received by companies," says Paul Allard, secretary-general of the Conseil National des Ingénieurs Français. "An information campaign addressed to them is indispensable. At present, the title is not well-known in the industrial world."

An important European initiative in engineering training involves undergraduate education. A group of about 40 top European engineering schools has joined together in setting up Cesaer (an acronym for Conference of

Engineering Schools, Advanced Schools of Engineering, Education and Research). A major aim is the encouragement of student-exchange programs.

FEANI is also trying to develop a model for continuing education suitable for use by industry. "Continuing education," says Mr. Hector, "is something you can't do unless employers at least cooperate and, preferably, take the lead." In France, for example, engineering education will increasingly be shared by industry and universities. Between 2005 and 2010, 14,000 engineers a year will have received their basic training in both companies and universities. Vivien Marshall, head of education and training affairs for the Engineering Employers Federation in London, says that "perceptions of salary" are a problem for an industry seeking more entrants. "The one thing that salary surveys don't show is that there are some engineers who are paid more than the chairman. We don't publicize this wide range." Robert O'Connor

Automation / High-Tech Manufacturing

Robots, 'Honeycombs' and Computer Control Aid in the Race Against Time

The Japanese take around 17 hours to drive cars through their assembly lines, while U.S. carmakers take seven hours longer. In Europe, however, a finished car will come off the production line only after a full 36 hours in the assembly plant.

"We can't afford to stand still," says David Cato, works manager at Vauxhall's Luton site in England, home of the successful Cavalier range. A

Design process determines 70% of product cost

three-year, £122-million (\$216-million) investment in a new plant backs up his words. The biggest expenditure has been on the construction of a highly automated paint shop that speeds each Cavalier body shell through a complex 16-stage robotized spray-painting process, quality-controlled by computer.

Volkswagen AG's plant in Emsden, Germany, where Passat cars are made, features a "honeycomb" of highly flexible manufacturing cells, which can be fine-tuned and adjusted to cater to hundreds of model variants. The cell technique, which dramatically reduces material flows and production time, is very different from the time-consuming continuous-flow transfer lines that have long been the hallmark of the automotive industry.

Modern manufacturing calls for tight computer control. The flow of component supplies must be synchronized with the work load of manual assembly. "It's a balancing act," says Mr. Cato.

At Luton, automated procedures and manual tasks are orchestrated by two large Digital Equipment Corp. minicomputers. These manage more than 60 automated guided vehicles, which carry fixtures through the assembly shop.

Components arriving from outside suppliers need to be coordinated differently. When the Rover Group launched into a massive cost-cutting manufacturing program, the use of electronic data interchange (EDI) networks became a cornerstone in its strategy of just-in-time supplies. Paperless trading by EDI enables a company to control costs and accelerate the business process among its established trading partners. Hertfordshire BTR is typical of companies that now manage the automotive supply chain across automated networks.

Using accurate, up-to-the-moment delivery schedules sent electronically across EDI computer networks by customers, BTR is better able to plan its production cycles.

Automating the manufacturing process has long been seen as the best way of improving customer service and cutting production costs. Not surprisingly, carmakers have paid

considerable attention to costing out the manufacturing cycle. But production-analysis figures released by Ford Motor Company have led the industry to rethink how it manages its production costs.

Ford found that though it spends just 5 percent of its product-development costs on design, the design process determines up to 70 percent of the final product cost. Materials (20 percent), labor (5 percent) and overhead (5 percent) were found to have much less influence on product cost.

Enter design for assembly (DFA). Using DFA software, an engineer is likely to get a product design right the first time and then choose materials and engineering elements for their ease of handling in assembly. The process cuts production time and manufacturing costs: Ford reckons that DFA savings can now amount to as much as \$700 a vehicle. It attributes a large part of these economies to the

dramatic cuts in the number of parts that have resulted from computer-aided design and computer-aided manufacturing (CAD/CAM) systems.

The advantage of CAD/CAM is that the information used to produce the design of a component can also be used to set up the machine tools that will make it. In a joint industrial and academic venture with ICAD Engineering Automation and the Advanced Technology Centre at Warwick, England, Jaguar aims to develop further the use of the CAD/CAM technique. The consortium has come out with a new kind of "design optimization" CAD package, which is able to capture engineering expertise so that it can be embedded in the software. The \$140,000 software suite has already been bought by computer manufacturer ICL, British Aerospace, Ford and Rover.

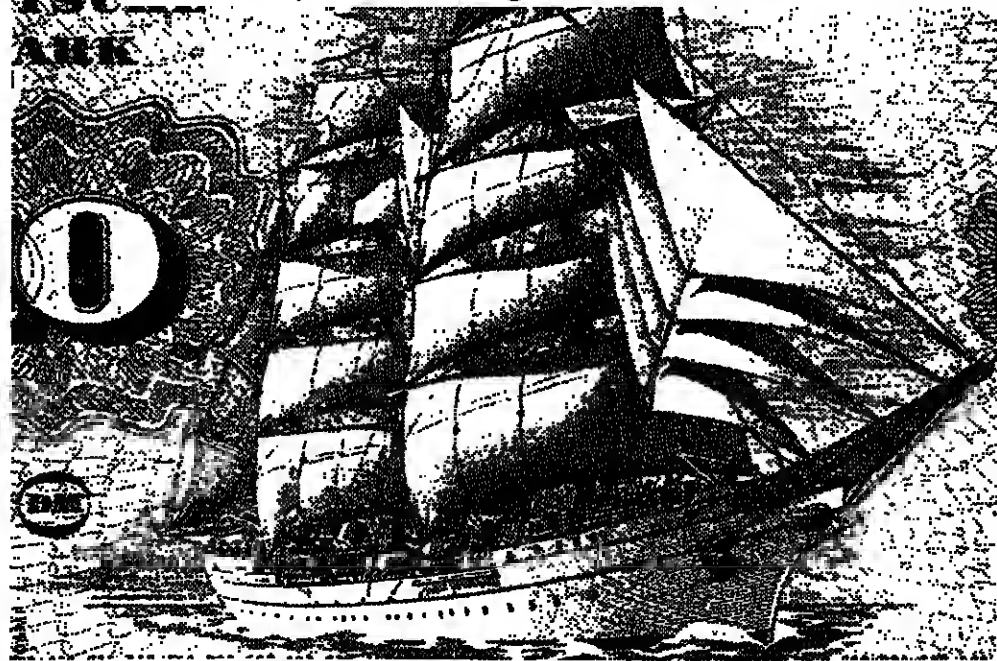
An engineer uses the system by building into the CAD/CAM computer

a model of the design decision process, which creates a geometric model for a product design. Once the design rules have been defined, the manufacturing specifications for the product are loaded in. The software acts as a design spreadsheet, according to ICAD Manager John Wilson. Any input changes to the proposed product design are updated automatically across the whole blueprint.

Jaguar's parent company Ford has been allowed to join one of the biggest pan-European research projects, on the condition that it agrees to a two-way transfer of technology. The £450-million Prometheus development will look into future applications for car electronics; it is part of the EC-funded 'Eureka' high-technology research program. Volkswagen AG, Lucas Automotive, Rolls-Royce, Opel and Saab are participants in the project.

Kevin White

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1992 The World's Development Focus Europe

Engineering

Some people say that the European Community builds only butter mountains and wine lakes, but the construction industry is indebted to Brussels bureaucrats, whose dryly worded directives spell work.

New EC initiatives are reshaping the industry and

High-speed rail system to link EC

creating new opportunities. The "multibillion-dollar construction-products business is bracing itself for the impact of an important EC law. From June, it will be

Construction / New Ventures and Legislation

Prospects for a Lean Decade

mandatory for all construction projects to start complying with new EC performance standards. The EC is pushing ahead on other important fronts. In March, environment ministers adopted the Municipal Waste Water Directive, which compels authorities to treat more sewage than they do now. EC officials estimate that fulfilling the directive by the year 2005 will cost between \$190 billion and \$250 billion in construction.

Transportation is another key area of interest. Constructors of the private sector, \$14-billion Channel tunnel have virtually completed undersea excavations, while in Denmark another major transportation link is forming across the Great Belt waterway. The \$3-billion, Danish-state-financed project includes five-mile-long twin railroad tunnels and the world's longest suspension bridge. The scheme is the first step in a North European

system, to be followed first by a \$1.1-billion, Denmark-Sweden fixed link over the Oresund strait and then by a crossing of the Fehmarn Belt into Germany. These major projects are part of a vast plan to create a high-speed rail network throughout the EC. The estimated cost is at least \$160 billion.

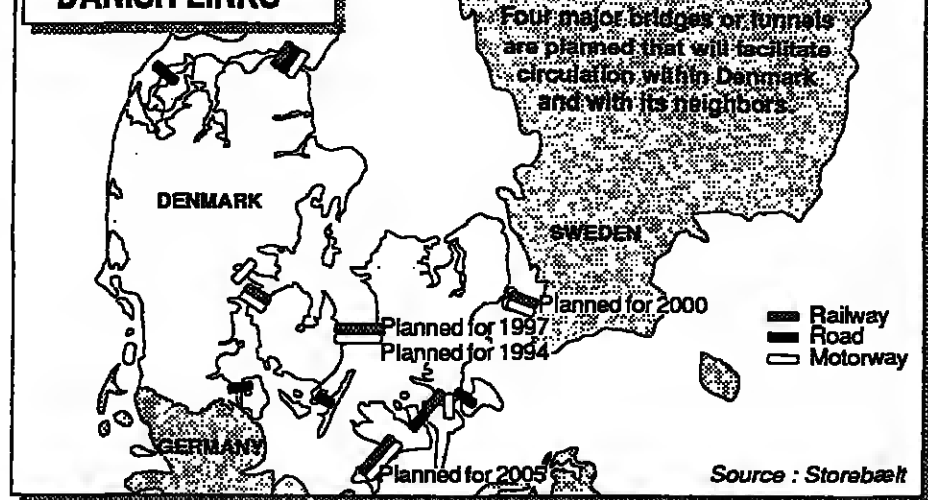
These long-term plans provide construction companies with a solid horizon of opportunities, but the immediate future looks unsettled. The 1992 Olympic Games and the Seville Expo '92 thrust Spain into the forefront of European construction growth in the 1990s. Spain's \$70-billion industry has now shifted into lower gear. This year's expected 8-percent increase is still impressive,

but it is 2 percent less than last year's.

Industry leaders in Britain blame government-imposed high bank-lending rates for demolishing the real-estate market. The booming 1980s spawned huge projects like the multi-billion dollar Canary Wharf, but they are giving way to a leaner decade. Instead of annual growth rates of 20 percent, office builders face a 14-percent decline in new commercial building work this year.

The French and Italian construction markets, together worth over \$230 billion, are slated to grow by around 1 percent.

DANISH LINKS



tives quickly spotted the main pitfall: lack of hard cash. The new European Bank for Reconstruction and Development will provide some much-needed cash, but only those East European projects able to generate foreign currency

are likely to attract interest from major lenders. The giant U.S. engineering corporation, Bechtel, reckons that Europe's growing need for natural gas could provide such an opportunity. A company survey indicates that official

forecasts for energy demand and growth in Europe are seriously underestimated, raising the prospect of huge new gas imports from the Soviet Union and a big pipeline into Europe from Iran through Turkey. Peter Reina

Strategic Alliances / Mergers and Acquisitions

Bridges Across Europe

Compared to highly consolidated sectors like electronics or pharmaceuticals, Europe's engineering and construction businesses still look fragmented, with strong ties to local markets.

The Zurich-based ABB (Asea Brown Boveri) group is one of the few proclaiming a pan-European perspective based on aggressive acquisitions and razor-sharp management.

'EC needs unity in industrial policy'

while others, such as the Ginger Ingénierie group, are placing their bets on strategic alliances between partners with complementary skills.

"Engineering companies buy others to get hold of their contracts or to follow customers abroad," explains Nick Cowley of KPMG Peat Marwick's mergers and acquisitions unit in Amsterdam.

Statistics compiled for KPMG's Deal Watch database reveal that by far the largest number of engineering-company acquisitions in the European Community are carried out by other European firms. When the amounts involved are taken into account, however, the United States and Japan assume much greater significance.

More transactions — around 9 percent of the total — were registered for the engineering sector than for any other, but the values involved were relatively

small in comparison with the megabuck deals that are remodeling whole industries, such as food, drink and chemicals.

"Minority purchases and strategic alliances are more common in sectors where transfer of technology and intellectual property rights are of greater importance," says Mr. Cowley. "So far as engineering and construction are concerned, such arrangements are likely to be attractive only when potential partners have some special skills or knowledge that gives them a particular edge."

One example of this approach is provided by Ginger Ingénierie (Groupe-mant d'Ingénierie Européenne), a European engineering network set up by seven engineering consulting companies and managed by the Paris-based HDR France. Other partners are situated in London, Luxembourg, Strasbourg, Nantes and Stuttgart. HDR has taken minority shareholdings in the other six partners, and the group aims at closer financial ties in the medium term.

A principal aim of the Ginger group is to attract EC-sponsored projects, an objective that they are probably well-placed to attain in view of their European network.

"Acquisitions and link-ups are likely to continue for some time to come, with the accent on alliances and minority holdings more than on straight takeovers," says Urs Waldwogel of the analysts group

UBS Phillips & Drew in London. "The aim will be to achieve worldwide coverage and to seek the cooperation of local companies in penetrating difficult and often protected national markets." According to Mr. Waldwogel, major players include Bouygues and the Lyonnaise des Eaux-Dumetz group in France; Hochtief and Hochtiefmann in Germany; and Costain, Taylor Woodrow and John Laing in Britain.

Bouygues recently bought into the Spanish Banco Central group, a financial conglomerate that also controls a large portfolio of industrial holdings. "Construction and infrastructure activity in the former East Germany provide further fertile ground for alliances," says Mr. Waldwogel.

Against this background, the Euroconstruct association — the European panel for construction — recently predicted that the value of construction contracts across Europe would top 605 billion Ecu (\$492 billion) this year, up from 600 billion Ecu in 1990.

"If the European Community is ever to amount to much in these fields, it needs to achieve greater cohesion in industrial policy," says Alan Cope of Paribas Capital Markets in London. "In any event, if you look at the picture over a 10-year timetable, there is bound to be significant concentration in a number of areas, including steel, defense contracting and power sector engineering."

Michael Rowe

Aircraft / Pan-European Projects

Aerospace and Single Market

Continued from Page 7

trol aircraft, Concorde, Euro-missile, Tornado multirole combat aircraft and Transall C160 turboprop transport are some examples of pan-European or multilateral projects. The decade-old Ariane space accounts for more than 50 percent of commercial space orders in the West. Airbus Industries is considering development of a large commercial jet.

A next-generation Concorde is under consideration by Aerospatiale, British Aerospace, Deutsche Aerospace, and Boeing and McDonnell Douglas in the United States. A Japanese partner may also join. In late March, Boeing signed an agreement with Deutsche Airbus/Deutsche Aerospace to develop supersonic transport, and with Thomson-CSF SA of France for a five-year cooperative arrangement on global aerospace and defense opportunities.

In Germany, Deutsche Aerospace was formed to combine the aircraft, defense, space and propulsion systems of the major firms in these fields. It

spends 23 percent of its revenue on defense and wants to become a major aerospace competitor as well as a participant in international cooperative programs. It has taken a 50 percent stake in a new consortium to develop a family of regional jets with Aerospatiale and Italy's Alenia. It

is combining its helicopter activities with Aerospatiale in a venture called Eurocopter.

France's Rafale, being undertaken by Dassault Aviation, is under development at the same time as the multipartner European Fighter Aircraft.

Joel Strate-McClure

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Robert O'Connor is a London-based free-lance journalist. Peter Reina is a free-lance journalist based in London. Michael Rowe is a Paris-based financial and business writer. Joel Strate-McClure, based in the south of France, is a free-lance journalist who covers aerospace and other sectors. Terry Swartzberg is a journalist based in Munich. Kevin White is a London-based free-lance journalist.

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Supranational**

Supranationals

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Figures as of close of trading Friday, April 12.

[illegible]

Week's Market

OTC Consolidated trading for week ended Friday, April 12

(Continued on Page 15)

ROBONDS: Co

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups %	Price	Price end week	Terms
Floating Rate Notes						
Staatsbank	DM 2,500	1996	flbr	100.10	99.90	Interest will be the 3-month flbr. Noncallable. Fees 0.20% (Staatsbank Corp. Deutschland).
Staatsbank	DM 1,500	1996	flbr	100.08	99.88	Interest will be the 6-month flbr. Noncallable. Fees 0.20% (Staatsbank Corp. Deutschland).
Fixed-Coupons						
Nacional Financiera (Grand Cayman)	\$125	1996	10	100	—	Redeemable at par in 1993. Fees 1.75% (J.P. Morgan Securities).
Quebec Province	\$300	2001	9	99.81	99.60	Noncallable. Fees 0.375% (S.G. Warburg Securities).
Banque Worms	DM 100	2001	8 1/2	100 1/2	—	Noncallable private placement. Fees 2.5%. Denominations \$100,000 (Norddeutsche Landesbank).
Hydro Quebec	DM 600	2001	8 1/2	101 1/2	—	Noncallable. Fees 2.5% (Wendelische Landesbank).
Union Bank of Finland	DM 300	1994	9	101 1/2	100.00	Noncallable. Fees 1 1/2% (CSFB-Effektenbank).
Alliance & Leicester Building Society	\$100	1997	11 1/2	101 1/2	99.00	Redeemable at 99.725. Noncallable. Fees 1.75% (Credit Suisse First Boston).
HMC Mortgage Notes 7	\$125	1996	11 1/2	102.525	100.85	Noncallable. Fees 1.75%. Denominations \$10,000. Increased from \$100 million, additional \$25 million priced at 102.65 (Barings Brothers).
Oesterreichische Postsparkasse	\$100	2001	10 1/2	99 1/2	99.20	Noncallable. Fees 0.25% (JBS-Philips & Drew Securities).
Compagnie Bancaire Postparikasse	FF 1,000	1994	9 1/2	100.825	99.75	Redeemable at 99.675. Noncallable. Fees 1.75% (Credit Lyonnais).
Bardays Bank	ml 150,000	1996	12 1/2	101.95	100.10	Noncallable. Fees 1.75% (Banca di Roma).
IBM Int'l Finance	ECU 50	1994	9 1/2	100 1/2	—	Noncallable. Putable with outstanding issue, raising total to 200 million euros. Fees not disclosed (Paribas Capital Markets Group).
McDonald's Restaurants of Canada	CA 100	1996	10 1/2	99.72	99.70	Noncallable. Fees 0.30% (Merrill Lynch Int'l).
Prudential Funding	CA 100	1996	10	101 1/2	99.60	Noncallable. Fees 1.75% (Hambros Bank).
Nissan Motor	¥ 10,000	1998	7.20	101 1/2	—	Noncallable. Fees not disclosed. Denominations 10 million yen (Nikko Securities Europe).
Equity-Linked						
Asahi Denka Kogyo	\$100	1995	4	100	102.50	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at 1,950 yen per share and at 138.30 yen per dollar. Fees 2.5% (Yamachi Int'l).
Credit Saison	\$150	1996	4 1/2	100	105.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set April 16 (Nomura Int'l).
Daiva House Industry	\$350	1996	4 1/2	100	101.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set April 17 (Nomura Int'l).
Danki Kogyo Kogyo	\$150	1995	4	100	103.50	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set April 18 (Nikko Securities Europe).
Inlec	\$100	1995	4	100	110.50	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at 3,834 yen per share and at 138.10 yen per dollar. Fees 2.5% (Nikko Securities Europe).
Kubota	\$250	1995	4	100	103.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 840 yen per share and at 137.75 yen per dollar. Fees 2.5% (Nomura Int'l).
Nishin Steel	\$360	1996	4 1/2	100	102.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 764 yen per share and at 137.75 yen per dollar. Fees 2.5%. \$180 million issued in Europe via Nomura Int'l and \$180 million issued in Asia via Yamachi Int'l.
NTN	\$260	1995	4	100	104.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set April 16 (Nomura Int'l).
Tadano	\$180	1995	4	100	107.00	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at 2,377 yen per share and at 137.60 yen per dollar. Fees 2.5% (Nippon Kangyo Kaishaku Bank).
Yokogawa Electric	\$150	1995	4	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1,507 yen per share and at 137.60 yen per dollar. Fees 2.5% (Daiwa Europe).
Daiva House Industry	DM 400	1996	4 1/2	100	101.50	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set April 17 (Daiva Europe Deutschland).
Kubota	DM 200	1995	4	100	103.25	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 840 yen per share and at 82.22 yen per mark. Fees 2.5% (Yamachi Deutschland).
Minolta Camera	DM 200	1998	5 1/2	100	102.00	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 800 yen per share and at 81.82 yen per mark. Fees 2.5% (Westdeutsche Landesbank).
Nishin Steel	DM 100	1995	4	100	103.50	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 764 yen per share and at 82.22 yen per mark. Fees 2.5% (Nikko Bank Deutschland).
Tosho Printing	DM 100	1995	4	100	—	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,000 yen per share and at 81.54 yen per mark. Fees 2.5% (Nikko Bank Deutschland).
Yamanouchi Pharmaceutical	FF 1,000	1995	4 1/2	100	103.75	Noncallable. Each 10,000-franc note with one warrant exercisable into company's shares at 3,157 yen per share and at 24.56 yen per franc. Fees 2.5% (Credit Lyonnais Europe Securities).

U.S. Rates Are Seen Declining This Week

Compiled by Our Staff From Dispatches

NEW YORK — A rare drop in consumer prices has laid the groundwork for a further easing of monetary policy by the Federal Reserve and should boost prices of U.S. Treasuries this week, economists said.

Short-term issues are likely to perform better than long-term bonds, however, because of lingering doubts about just how low inflation is likely to go, they said.

The bond market rallied sharply at the end of last week on the belief

U.S. CREDIT MARKETS

that a cut in the discount rate was all but written in stone because of the latest news on prices.

The government reported Friday that the consumer price index eased 0.1 percent in March, the first such decrease in nearly five years. And the core inflation rate, factoring out volatile food and energy components, edged up only 0.1 percent.

The day before, the government reported that wholesale inflation fell for a fourth straight month, dropping 0.3 percent in March.

On Friday, the Treasury's bellwether 30-year bond jumped about 1 1/2 points to 96 26/32 for a yield of 8.14 percent. A week earlier, the long bond stood at 96 20/32 to yield 8.16 percent.

Despite the inflation news, the central bank — just like a week earlier — gave no clear-cut sign that it would do what the market anticipated. Indeed, the Fed drained reserves from the banking system at several points last week.

Some traders were encouraged that the Fed did not signal that it had lowered short-term rates, a move that could eventually put upward pressure on inflation.

"From my perspective, the longer they wait the better," said James R. Capra, a principal at Moore Capital Management, a money management firm.

Douglas Schindewolf, money-market economist at Smith Barney in New York, said the Fed was likely to cut rates once again.

"I think there's a lot of slack in the economy," he said.

At the same time, Mr. Schindewolf said he sees little chance the yield on the long bond can move below 8 percent because "I don't think the inflation rate is going to come down much more."

As a result, if the Fed eases, "the shorter maturities are bound to do better," he said.

Some observers said the Fed may have loosened credit discreetly by letting the federal funds rate, the rate banks pay each other for overnight funds, drift down from its 6 percent target. The funds rate was trading at 5 1/2 percent Friday when the Fed drained reserves.

"You can't unquestionably confirm it, but I think the Fed has made a policy change," said Ward McCarthy, a managing director at Stone & McCarthy Research Associates in Princeton, New Jersey. (UPI, NYT)

José María Arreseátegui, Chairman, Banco Hispano Americano
Walter Scipp, Chairman, Commerzbank
Jean-Yves Haberer, Chairman, Crédit Lyonnais
Antonio Zurzolo, Chairman, Banco di Roma



"The development of Eastern Germany is a European challenge!"

We, the founding members of The European Initiative for Eastern Germany, believe that the successful development of this region could fuel a long phase of growth and prosperity for Europe as a whole. For this reason, we call upon our fellow Europeans to join us in making an investment in Eastern Germany now — for the benefit of your own companies and for a healthy European future.

The European Initiative for Eastern Germany has been established in order to promote European investments in this new region of the European Community. Members: Banco di Roma, Banco Hispano Americano, Commerzbank, Credit Lyonnais, Karstadt, Instituto Nacional de Industria (I.N.I.), Istituto per la Ricostruzione Industriale (I.R.I.), and Martin Bangemann, Vice President of the E.C. Commission.

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CURRENCIES: Emotional Events Affect Dollar and Deutsche Mark

(Continued from first finance page)

news that U.S. retail sales did not rise the expected 0.2 percent in March but fell by 0.8 percent, Mr. Lipsky focused on the revisions in previous months' data, which overall "put the level of retail activity higher than previously thought."

Added to that were last week's favorably low wholesale and consumer price inflation data for March, and a decline in initial jobless claims suggesting that the big jump in unemployment may have peaked last month.

"The latest data suggests that the much-rumored correction for the dollar may not be at hand," Mr. Lipsky concluded.

Citibank technical analysts reported last week that their "long-term view continues to favor a limited weakness of the Deutsche mark." They expect a break above 1.69 DM followed by a move over 1.7250 would fuel "an accelerated weakness of the mark" leading to "a testing of 2.05 DM."

They cautioned, however, that a fall below 1.6550 "would signal a more sustained correction toward 1.6250 and possibly 1.56 DM."

While no one doubts the potential positive factors in favor of the dollar, analysts question whether some of the shine could be rubbed off by renewed concern about the frailty of the U.S. financial system. Last week, regulators seized Executive Life Insurance Co., raising questions whether insurance companies are about to join the ranks of savings and loan associations

and commercial banks burdened by portfolios of overvalued real estate and junk bonds.

At the same time, a number of analysts are beginning to suggest that the excessive weakness of the mark could begin to fade.

One negative is the unrest in the Soviet Union, which could be temporarily relieved this week if the Japanese, as some analysts expect, offer Mikhail Gorbachev substantial sums to buy back islands seized at the end of World War II.

At the same time, potentially important developments are underway within Germany.

A month ago, Bundesbank President Karl Otto Pöhl started the foreign exchange market by blurring German monetary union as a "disaster" and causing an already weak mark to fall further.

But last week, with opposition parties searching for ways to establish a concerted action on the nation's problems, his outburst began to take meaning.

"It has to be seen as a kind of electro-shock therapy," said Roland Scharff, treasurer at Hessische Landesbank in Frankfurt. "It has finally awakened the political class to get its act together."

According to Mr. Wilmot of Credit Suisse First Boston, "the obstacles to a rapid rebuilding of eastern Germany are more political than financial and economic. Bismarck would probably have relished the challenge, but only time will tell if the events of recent months will turn out to be a 'salu-

tary thunderstorm' that galvanizes Chancellor Kohl into some bold new initiatives focused heavily on speeding up supply-side regeneration in eastern Germany."

"If it does then that will relieve pressure on the Deutsche mark."

Last week's meeting of German political figures established two working groups to deal with problems in the east. One will seek to promote a more efficient bureaucracy and also tackle the problem of sorting out property rights. A second committee will deal with strategies to promote employment.

"All this is positive," said Mr. Wilmot. "The political process is responding and trying to move forward. To anyone who thinks rationally, the talks are a positive factor for the Deutsche mark."

At the least, Mr. Wilmot said, "the risk of an immediate further surge of the dollar is reduced."

While modestly hopeful on the outcome of the political talks in Germany, a Deutsche Bank economist, Norbert Walter, said he believes that the dollar will be weighed down in coming weeks by events in the United States, as investors come to realize that the recovery will only take root by the end of the year.

"In my judgment, the dollar will be close to 1.50 DM by year-end," he said.

But, he added, "We are headed for a number of weeks of volatility in the foreign exchange market." He said both views about the timing of a U.S. recovery are held in the market "and no one is yet sure who's right."

Kerkorian Details Plan To Buy and Save TWA

WASHINGTON — The investment group headed by Kirk Kerkorian, who is trying to buy out Trans World Airlines Inc., has said it can restore the cash-strapped carrier to health with strong management, restructured routes and a fortified fleet.

The group, Tracinda Corp., outlined its plans in a filing with the Department of Transportation on Friday. The government last week delayed a final ruling on the sale of TWA's London routes to American Airlines to give Mr. Kerkorian time to explain his group's takeover bid for TWA.

Tracinda, led by the Beverly Hills, California-based investor, had urged the department to consider the benefits of its takeover bid before approving the sale.

The investment group said it could negotiate a transaction to revitalize TWA and keep its 30,000 jobs.

Key elements of its plan are strengthening TWA's management, restructuring and expanding its routes and building up its fleet.

Specifically, Tracinda said it would replace and expand TWA's aging fleet in five years, including adding 27 new planes by 1996.

EUROBONDS: Caution Rules

(Continued from first finance page)

and German investors hungry for paper yielding 8 1/2 percent is giving a good undertone to the Euro-deutsche mark market, despite the currency's weak performance.

But Jim O'Neill, head of Swiss Bank Corp.'s financial market research, sees the biggest gains and best foreign interest in high yielding Belgian franc, Spanish peseta and Italian lira bonds. He told an investment seminar last week that Euro bonds could be one of the year's best performers and predicted that by year-end yields on Euro paper would move below yields on French franc bonds.

Nomura's favorite bond market to the end of June is the French franc. Nomura expects the spread of French franc bonds over mark bonds, currently 54 basis points, to continue narrowing to about 30 basis points.

Mr. Potts at Indosuez believes French rates will fall below those in Germany once inflation in France falls below the German rate. But falls below the German rate at this point, he adds, is that the Germany could be forced to raise interest rates to help stabilize the Deutsche mark. That would force France to raise its interest rates by the same amount.

WORLD STOCKS IN REVIEW

Amsterdam

Sentiment was mixed on the Amsterdam market last week, with negative signals dominating stock movements.

Uncertainty concerning economic and inflation developments in the United States kept investors on the sidelines, so volume was relatively low. Total turnover reached seven billion guilders, with about 3.1 billion of that in equities. The CBS all-share index ignored sharp fluctuations on Wall Street and stabilized. It closed on Friday 197.9, compared with 196.9 the previous Friday.

Frankfurt

The Frankfurt market lacked a clear trend last week, in the absence of clear signals from Wall Street and the Tokyo market.

Uncertainty about German interest rates made foreign investors cautious, and interest was low. Volume on the eight German exchanges totaled 27.98 billion Deutsche marks, slightly up from 27.85 billion the previous week.

The DAX spot index indicator closed the week at 1,583.14 points, up 0.24 percent, or 3.73 points on the week. The Commerzbank indicator was off three points, ending at 1,902.40.

Hong Kong

Share prices dropped sharply on the local market during the week due to uncertainty over Sino-British talks on Hong Kong's proposed airport project.

The Haog Seng Index sank 107.15 points, or 2.8 percent, during the week to close at 3,742.0 on Friday, after months of continuous weekly gains. Turnover dropped to 1.7 billion Hong Kong dollars from the previous week's 1.9 billion dollars.

London

After the previous week's advances to record highs on hopes of good inflation data and lower in-

terest rates, shares eased last week. The Financial Times-100 share index closed Friday at 2,526.1, down 19.2 points on the week, or 0.8 percent.

Profit-taking and lackluster performances by Wall Street and Tokyo earlier in the week contributed to lower prices, and by the time Friday's half-point cut in British base rates and the sharp drop in March's inflation figures were announced, the market had discounted the news.

Milan

The Milan market lost a bit of ground last week, with four losing sessions and only one winning day.

The MIB index lost 1.03 percent on the week, ending Friday at 1,158. Volume was very low, with an average daily figure of 150 billion lire and 48 million shares changing hands, the same as the previous week.

Paris

The Paris Bourse was hit by uncertainty last week, after an early period of euphoria due to the end of the Gulf war and a trend to lower interest rates.

The CAC-40 stock index finished the week at 1,821.43, down 1.6 percent from the previous Friday.

Analysts said the Bourse had been disappointed by a lack of lower interest rates in the United States, a vital market for French businesses.

Singapore

Trading was lethargic and dull in Singapore, as most institutional investors turned their attention to the Hong Kong market amid a lack of excitement on the local market.

The key indicator finished the week down 20.68 points, or 1.38 percent lower, at 1,481.67. The Stock Exchange of Singapore all-share index slipped 5.69 points to 404.06.

Total volume for the week slipped 4.9 percent, from 314.77 million units in the previous week to 299.27 million units worth 587.51 million Singapore dollars. Average daily turnover was 59.85 million units valued at 117.5 million dollars.

Tokyo

Share prices fell moderately in dull trading, with the Nikkei Stock Average closing Friday at 26,582.50, a loss of 184.83 points, or 0.6 percent, from the previous week. The key market indicator had gained 475.29 points the previous week, the first of the new fiscal year.

The composite Tokyo Stock Price Index of all common stocks on the market shed 11.04 points to end the week at 2,004.56 after rising 44.87 points the week before.

Average daily turnover fell from the previous week's 478.2 million shares to 402.8 million shares. Value of stocks traded averaged 520.5 billion yen, down from 609.3 billion yen.

Trading was lethargic with most institutional investors retreating to the sidelines throughout the week due to uncertainty over interest rates in the United States and Japan.

Zurich

The Zurich stock market had a week of consolidation. The Swiss Performance Index finished at 1,083.2, up a mere 0.046 percent from the previous Friday.

The week began with a drop, following Wall Street's lead. In addition to uncertainties concerning interest rates, criticism made by the Swiss Federal Banking Commission of certain banks for lending too much to the financier Werner Key led to market caution, operators said.

But they added that substantial optimism remains, as evidenced by Credit Suisse, which jumped 9.13 percent on the week to finish at 2,150, despite attacks on it in the American financial press.

Output Cut At Soviet Steelworks

Moscow

The threat of a Soviet economic collapse grew during the weekend, as a six-week miners' strike brought parts of the steel industry to a halt and separatists in Soviet Georgia stopped fuel shipments reaching Russia from Black Sea ports.

Soviet media said there was no sign of a let-up by more than 300,000 rebel miners whose political demands include the resignation of President Mikhail S. Gorbachev.

The director of the Mayskaya steel plant in the Ukraine told the independent Postfactum news agency that 26 blast furnaces had been shut down across the country.

Normally, plants try to keep such furnaces running at all costs because it may take up to a year to start them up again.

The daily newspaper Izvestia said the strike had slashed coal output in March by 82 percent.

The miners' strike sent shock waves through other sectors of the ailing economy.

Local authorities in Kemerovo, center of the Siberian Kuzbas coalfield, said they would soon be unable to pay teachers, doctors and other employees.

Television news said a shortage of soda due to stoppages at chemical plants had hit production of glass for medical uses.

Mr. Gorbachev, in a bid to shore up the fragile economy, issued a decree on Friday demanding that republics stop withholding deliveries to other parts of the country.

San Miguel Seeks Funding For Big Expansion Plan

MANILA — San Miguel Corp., the biggest manufacturer in the Philippines, will present a multi-million dollar expansion program and fund-raising plan for 1991 to stockholders on Friday.

The beer and food conglomerate said over the weekend that it would seek local and foreign financing for a 5 billion-peso (\$183.8 million) expansion. The financing would include a float of commercial paper, a convertible debt issue and development funding.

Chairman Andres Soriano said the expansion program would give the company a better competitive edge when the economy recovers, which he expects to begin later this year.

Chief Finance Officer Delfin Gonzales said the company planned to make available up to 42.5 million new shares, equivalent to 7.5 percent of its issued shares, to back the convertible debt issue.

GERMANY: A Credit Card Rush

(Continued from first finance page) cent, and bank cards and charge cards a policy 5 percent.

Like most Germans, Klaus Bous, 28, a technical draftsman in May, near Bonn, is not about to indulge in a spending binge.

He got his first credit card, a Eurocard, at a local bank in February. "It wanted it for the financial security," he said, recalling his embarrassment when his car broke down last fall and he lacked cash to pay for towing and repairs.

Deutsche Bank has already issued 240,000 cards from its 1,600 offices in Germany and abroad.

A recent study by Ordina, a German consulting concern, forecast a total of 8.7 million German credit cards by 1994, with \$36 billion in charges and pretax earnings of \$1.49 billion for the issuers.

Germany's credit card issuers earned \$630 million from charges of \$12 billion in 1989, with about 46 percent of the transactions outside Germany.

Other banks see vast promise in the German market. Dresdner Bank AG, the second-largest bank in Germany, announced an agreement in late January to sponsor a card with Allianz AG Holding, the nation's largest insurance company, and Bayerische Hypothek und Wechsel-Bank AG of Munich.

Commerzbank AG, the third-largest commercial bank, also issues Eurocards.

Some foreign banks are also eager to show the Germans with plastic. The German credit card market is "almost totally undeveloped," said Gerald Havens, general manager for card services at Lloyds Bank PLC in London.

Other major credit card companies say the new popularity of Eurocards among German banks will help them as well.

"This opens up the credit card market in Germany, not just for Deutsche Bank and Eurocard, but for all the other players," said Jan Hendrickx, Visa International's general manager, based in London.

RJR: Tobacco Division Suffers Sharply Dropping Sales

(Continued from first finance page) to keep as many full-price cigarette smokers as possible.

Presumably that means new advertising and marketing approaches soon for Winston and Salem to lift sales, or at least slow the decline.

More important, increasing or even maintaining sales will be hard at a time when industry price increases and government taxes have raised the price of a premium pack to the \$2.75 level in some states.

Unlike Philip Morris, which has a thriving international business, Reynolds cannot look to growing overseas markets, at least for now, to help its stalled domestic market.

Analysts say it makes little money in Japan and has only a somewhat better business in Germany, two of the fastest-growing markets for American cigarettes.

Company officials and industry analysts often cite RJR Nabisco's operating profit as a reason to invest in the company. Its failure to shore up its cigarette business would hurt RJR Nabisco's ability to continue to pay off the \$18 billion in remaining debt, some analysts say.

The company will have raised its public stake to about 25 percent from 17 percent, assuming successful completion of the current stock sale that was expected Friday to 100 million shares from 75 million because of strong demand.

RJR Nabisco is famed for being the target of history's largest leveraged buyout. When Kohlberg, Kravis, Roberts, the organizer of the buyout, took the company private in 1988, it was a dizzying \$29 billion. Now it is a huge but more manageable \$18 billion. The company's 1990 losses dropped to about \$400 million last year, just a

BUSINESS BRIEFS

Fiat Asks for Suspension of Rail Sale

TURIN (AFP) — The Italian group Fiat SpA has requested suspension of the planned sale of most of its railroad activities to Alcatel-Alsthom of France, Fiat said Sunday. The sale, approved last week by the EC Commission, called for merging Fiat's Telettra telecommunications business with Alcatel Face in a new firm to be 75 percent held by the French group, and for selling 51 percent of Fiat-Ferroviana capital to Alsthom.

Fiat's statement said it had decided on a "pause for reflection" with respect to the rail part of the deal following apparent agreement among Fiat-Ferroviana and two other Italian groups — Ansaldo and Breda — that are interested in building the Italian high-speed train.

Italy Looks to Privatization for Relief

ROME (Reuters) — Italy plans to sell stakes in two state-controlled banks as part of a major privatization program this year to reduce the 1,000 trillion lira (\$805.64 billion) national debt, the treasury minister, Guido Carli, said in an interview with *Il Sole 24 Ore* financial newspaper.

Mr. Carli said the new government, which took power Saturday and is the nation's 50th government since World War II, was determined to meet a previous target of selling 5.6 trillion lira of state assets this year.

One Australia-New Zealand Currency?

WELLINGTON (AFP) — A research study commissioned by the Reserve Bank of New Zealand has recommended a common currency with Australia. The study, by the New Zealand Institute of Economic Research, said New Zealand would be the weaker partner in an amalgamation and would therefore benefit from it, according to *The Dominion* newspaper of Wellington, which said it had obtained a copy of the study.

The institute said the New Zealand economy had consistently performed worse than the Australian economy for the past 30 years and would benefit by having currency backed by a wider and more stable range of export commodities.

French Aerospace Orders Decline

TOULOUSE, France (Reuters) — The French aerospace industry's 1990 order book for civilian and military products was down 10 percent from 1989, and revenues in the civil aviation sector dropped 18 percent, mainly because of the Gulf crisis, an industry spokesman said Sunday.

Bernard Nicolas told a news conference in Toulouse that 1990 orders for the industry as a whole, comprising some 300 companies, totaled 132 billion francs (\$23.3 billion). Total revenue was 99 billion francs, of which 57 percent came from export orders and 43 percent from home markets.

The French aerospace industry, led by Aerospatiale, Avions Marcel Dassault-Breguet and SNECMA, employs 120,000 people.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	1990	1989	1988
British RMC Group	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
Canada Alcan Aluminum	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
France CIC	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
Germany Daimler-Benz	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
Japan Daiichi Kangaro	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
Spain Telefonos de Espana	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
Switzerland Swissair	1,570	1,580	1,580
Revenue	2,620	2,620	2,620
Profit	552	552	552

Company	1990	1989	1988
U.S. American Airlines	1,570	1,580	1,580
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U.K. British Airways	1,570	1,580	1,580
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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, April 12.

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Revenue	2,620	2,620	2,620
Profit	552	552	552

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

The Discreet Winner Of Paris Film Awards

International Herald Tribune
PARIS — Christian Vincent says he was not all that surprised last month when his name was called for the César (the French equivalent of the Oscar) as best new director: his first film.

MARY BLUME

"La Discreète" had been warmly received by critics and public alike. But he has no memory of what he did or said while accepting the prize.

"I don't know if I was up there for 10 seconds or three minutes. I felt out of control, it was odd, almost unpleasant." He drifted offstage so relieved that he didn't even hear his name called again for best scenario — less expected since he was competing against more experienced screenwriters — and barely arrived back on time to join his co-author, Jean-Pierre Ronsin, for the second award.

Vincent is not entirely unused to awards. His earlier films, two shorts and a documentary, won in places like Clermont-Ferrand, Villeurbanne and Lille. Then, last summer, he took a very fresh prize of "La Discreète" to the Venice festival, the big time. "It was the first public screening, only about 10 people had seen it before."

He had no hopes, especially as his producer, Alain Rocca, had won the year before with "Un Monde sans Pitié," by another French director, Eric Rochant. "La Discreète" was shown on the first day of the festival. Vincent won a prize and, although he would have liked to stay on, went home. "With those hotel prices there was no way to stay," he says.

Vincent is 35, with round eyes emphasized by round eyeglasses and by his habit of winking them. He is sitting in a rumpled production office near the Place de la République filled with young cineastes trying to do deals. "Everyone adores the screenplay," one crowns persuasively into the telephone while another wonders whether he should shave before an important meeting —

and he is calm, not quite laid back but getting there. "La Discreète" is, in its discreet way, the hit of the season. Waiters now guard the upstairs room of the Café de la Mairie in the Place Saint-Sulpice, where much of the action is set, to make certain that people are coming to order drinks and not just to sightsee.

Vincent has none of the new filmmaker's evasive confidence and there is no reason for evasion. The best French film magazine, Positif, called "La Discreète" intel-

'It isn't often that one can salute a new French film talent.' Positif magazine

ligent and touching, a cause for rejoicing: "It isn't often that one can salute a new French film talent. And even less often that such a talent puts itself at the service of a subject whose richness is equaled by its subtlety."

The story is about a breezy and cocksure young man (Fabrice Luchini) whose girlfriend drops him and who is advised by an older bookseller friend (Maurice Garrel) to find revenge by seducing another girl (Judith Henry) and publishing a diary of the affair. Boy meets girl, finds her unattractive, proceeds with the seduction for his diary's sake and loses his cool. The bookseller puts an end to the story and all three are losers.

The sensibility is modern but the base is 18th century *marivaudage*: coldhearted and witty manipulation in the game of love. Luchini is a droll and supple light comedian, Judith Henry, who also won a César, develops beautifully from a commonplace girl to a touching victim. The book-keeper is a more equivocal character.

"Each of the characters has his mystery," Vincent says. "The bookseller gives away nothing

about himself, he just puts things in motion."

His act of destruction at the end, Vincent says, is motivated by his sense that the story is getting out of his hands and his wish to have the last word: "It's like the story of the frog giving the scorpion a lift over the stream and saying to the scorpion but if I do this you will sting me. The scorpion says don't be silly, if I did that we would both drown. But he does and they do."

The bookseller does not win, he just makes sure that everyone loses. The film has the rare quality of making viewers wonder what will happen after the end.

"I hope they will learn from the experience," Vincent says and he thinks they do, even his cheeky hero. "I think so, I rather trust him. It's not going to change his life because very few things do, but at the end you see him again in the café, writing. He doesn't notice the pretty girl next to him whom he would ordinarily try to pick up and he is still writing, but his position, hand to paper, is different. Perhaps his writing is different, perhaps he has changed."

In style "La Discreète" recalls the moral tales of Eric Rohmer and Luchini has played in four Rohmer films. But Vincent says that, while he admires him, Rohmer is not one of his masters and "La Discreète" is less an illustration of a moral than a triple character study, with the shifting and developing relationships succinctly worked out.

Just as first novels tend to be told in the first person, so first films often use a voice-over. "La Discreète" ends with a different voice — Vincent's own — quoting an old proverb, "When you look at someone you only see the half."

"It's a real proverb, I don't make them up," Vincent says. "I found it in a book of country sayings and when I saw it I thought that's really the story of the film." What interests him is discovering the human half, but without the certainty that this can ever be done. Vincent cast Luchini before he



Filmmaker Vincent: "Each of the characters has his mystery."

had even written his script and began by reading such 18th century texts as "Les Liaisons Dangereuses" and the works of Crébillon. Never having written a scenario, he called in Jean-Pierre Ronsin to help on structure because he says that, like his hero, he doesn't have much imagination. He does have a strong feeling for character and, says Luchini, an intelligence which is never heavy.

"I think Luchini means that I don't like excess emotion, that there is great restraint in what I do." His young couple always address each other as "vous" rather than "tu." "I couldn't imagine it otherwise. The *vous* is more appropriate to verbal seduction and more discreet."

Raised in Paris where his father worked for a textbook publisher, Vincent studied sociology and only entered the IDHEC film school at the age of 24, graduating with distinction in directing and editing. Rather than go into what is often the dead end of becoming an assistant director, he supported himself and learned his craft

by editing. The filmmaker he most admires is Jean Renoir.

"Renoir doesn't take a distance, he isn't an ontologist who observes. He gives a chance even to the bad guy. You feel that what he cares about is people."

"La Discreète" took a year and a half to write and Vincent is taking it slowly on his second film about four medical students preparing for exams in a family house. "Right now, for example, we are making a study of women's magazines for anything on love and sex. We haven't got to the medical part yet."

He has been working on the script for three weeks and does not plan to start shooting until the spring of 1992. "A film every two years is enough. I don't want to go faster."

The success of "La Discreète" has been so unanimous and so well-deserved that, unusually, Vincent has not been subject to any backbiting. "Somebody might say, 'I don't think this one did,' he said, ducking into the République Métro to go back to work.

LANGUAGE

Getting a Handle on 'I Can Handle It'

By William Safire

WASHINGTON — Accustomed to rapid advance, General Norman Schwarzkopf showed he could beat a hasty retreat when he found himself in a controversy with the president.

A poor choice of words was what he called his use of the verb *recommender* in connection with the decision to end the ground war in Iraq after 100 hours, allowing some Iraqi forces to fight again against rebel troops. "I would change the word 'recommender' to say 'we initially planned,'" he explained in his apology.

President Bush forgave his Desert Storm commander with a Shakespearean phrase, "much ado about nothing," which may have been adapted from "great ado about many small matters" in Richard Hynde's 1529 translation of a Spanish scholar's work on the instruction of Christian women. But a useful lesson — perhaps even a profound one — can be drawn from the brief Schwarzkopf-Bush controversy.

Here is the account given by Martin Fitzwater, the presidential press secretary, of the conversation in the Oval Office on Feb. 27, 1991: "President Bush said to General [Colin] Powell: 'What about Schwarzkopf? Is he on board? Call him.' Powell walked over to the desk in the Oval Office and used the hot line to Riyadh. He told the president: 'Norm says he can handle it. It's fine with him.'"

He can handle it. That was Fitzwater's report of what Powell characterized as Schwarzkopf's reaction. Were the words "I can handle it" actually used by the general in Riyadh? Let us assume, for the sake of linguistic analysis, that the Fitzwater report of the Powell report of the Schwarzkopf report was a direct and accurate quotation, changing only the first person to the third person, and will not be contradicted by any recording to be released in the heat of future presidential campaign.

What does *I can handle it* mean? "Hint hides the voice," says Frederic G. Cassidy, chief editor of the Dictionary of American Regional English. "If I could hear the gentleman speak it, I'd be more certain of what he really meant." One meaning, says the man from DARE, is "I can control something that needs control," a quite different meaning, indicated by inflection, is "This hurts [my pride, dignity, sense of self] I deserve, but I can accept it and not let my feelings show."

Allan Metcalf, executive secretary of the American Dialect Society, agrees: "On the one hand, it means 'I am handy enough to accomplish whatever task is handed to me.' On the other hand, it means 'Hand me all the abuse you want; I promise I won't fly off the handle.' To decide which meaning was intended, you look for the context in which the statement was handed out. Of course, a speaker who doesn't want to tip his hand might say, 'I can handle it' and keep both possibilities in hand."

"I would like to have heard him say it," says David K. Barnhart, general editor of Lexis House, "particu-

There may be another way of getting a handle on this. Let us go beyond general lexicography to a specific field in which the expression has gained particular meaning. "Yes, the verb *handle* is used in the psychiatric profession," says Dr. Leah Dickstein, a psychiatrist in Louisville, Kentucky. "Psychiatrists often ask, 'Can you handle it?' about a specific problem, and patients say, 'I can handle it.' A synonymous expression used more often is *deal with*."

Let's go deeper; this department does not flinch from horrid revelation. "I suspect that the term *handle* is used more often by men than women," opines Dr. James Nimmer, a psychiatrist in New York. "That may be because *handle* suggests being in control of a situation; men more often than women speak of 'handling it,' as being able to do something alone or being able to handle responsibility."

"The word *handle*," Nimmer continues, "provides an image that involves hands or a concrete handle to take hold of. Frequently the expression is used in the negative, as in 'I'm not sure I can handle it' — that indicates a breakdown, at least temporarily, in ego functioning or control. Put positively, 'I can handle it' means being able to negotiate the variables or complexity of a situation and not losing control of oneself."

O.K., Norman, stretch out on this couch. Relax. Forget about what that anonymous White House aide meant when he said you were suffering from "camera fatigue." Do not be conflicted by the necessary avoidance of conflict.

Cast your mind back to the day the war was about to end. Life was simple: the media feared you and the public loved you, and that nice General Powell came on the phone from the Oval Office to talk about stopping the shooting sometime before it had been initially planned.

When you said, "I can handle it," did your tone indicate a meaning of "Just leave it to me," as imputed by Powell, who added either the characterization or report "It's fine with him"? If so, then your words meant that you raised no objection to the suspension of hostilities at the time, and your subsequent imputations to interviewer David Frost were self-serving, inaccurate and deserving of your abject apology to your commander in chief.

Or by "I can handle it," did you mean "I know what a chain of command is; I can take the stress, I can negotiate the complexities and not go through the roof, even though I know history will condemn us all for letting those Republican Guard units free to blow all the Kurds away"? If that was your meaning, then you did indicate you would follow orders but did not agree with them, and your subsequent apology was intended to conceal an embarrassing difference of opinion that did exist.

Intonation is all. A phrase's meaning is conveyed not by words alone, but by body language, inflection, emphasis and structures so deep as to be unfaithful to the shrinking deconstruction worker. The lexicographers all make clear that the recipient of meaning had to be there, on the line, hearing the subtle sound, to know what was meant. As early semio-linguists liked to say, "It ain't what you say, it's the way that you say it."

New York Times Service

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